DRAFT ANNUAL BUDGET OF

DAWID KRUIPER MUNICIPALITY

2017/2018 TO 2019/2020

MEDIUM TERM REVENUE AND

EXPENDITURE FORECASTS

Approved by Council on

30 March 2017

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Table of Contents

List of Tables

List of Figures

Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	City Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt per hour
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MSCOA	Municipal Standard Chart Of Accounts
MTEF	Medium-term Expenditure Framework
MTREF	Medium-Term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

In his Budget Speech to Parliament on 17 February 2010, the Minister of Finance said: *"We cannot expect to do the same old things and expect different results"*. In the past three years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived and that the world economy may yet experience a second recessionary wave. Dawid Kruiper Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things the depletion of cash-backed reserves; historic expenditure patterns and a general lack of "doing business smarter".

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Dawid Kruiper Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities, available financial resources and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

We, as leaders, have the power to take decisions and had to take hard decisions on how we will use available resources. We cannot please everyone and everyone will not necessarily agree with these decisions. Bill Cosby once said: *"I don't know the key to success, but the key to failure is trying to please everybody."*

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

We as councillors and senior management together with the inputs and comments of the local community has developed an IDP and a credible and sustainable budget with realistically anticipated revenue sources to improve the quality of our people's life. Unfortunately our needs are far greater than our available resources and therefore not nearly enough of the developmental needs identified in our developed IDP could be met with the available financial resources. It is however a worldwide problem that identified needs by far exceeds available financial resources and therefore we had to prioritise our needs and implement those projects and programmes that have the biggest affect in improving our people's quality of life.

Based on the comments and inputs received on the draft IDP and draft budget and proposed tariffs, it is recommended that Council adopt the following budget resolutions.

1.2 Council Resolutions

On 30 March 2017 the Council of Dawid Kruiper Municipality met in the Council Chambers of Dawid Kruiper Municipality to consider the draft annual budget of the municipality for the financial year 2017/2018. The Council approved and adopted the following resolutions:

1. The Council of Dawid Kruiper Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

    1.1. The draft annual budget of the municipality for the financial year 2017/2018 and the multi-year and single-year operating and capital appropriations as set out in the following tables:

        1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 31;

        1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 32;

        1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 34; and

1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 37.

1.2. The financial position, cash flow budget, cash-backed reserve / accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

1.2.1. Budgeted Financial Position as contained in Table 23 on page 38;

1.2.2. Budgeted Cash Flows as contained in Table 24 on page 40;

1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 41;

1.2.4. Asset management as contained in Table 26 on page 43; and

1.2.5. Basic service delivery measurement as contained in Table 27 on page 45.

2. The Council of Dawid Kruiper Municipality is planning to, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approve and adopt with effect from 1 July 2017:

2.1. The tariffs for property rates – as set out in Annexure A (Draft Tariff List);

2.2. The tariffs for electricity – as set out in Annexure A (Draft Tariff List);

2.3. The tariffs for the supply of water – as set out in Annexure A (Draft Tariff List);

2.4. The tariffs for sanitation services – as set out in Annexure A (Draft Tariff List); and

2.5. The tariffs for solid waste services – as set out in Annexure A (Draft Tariff List).

3. The Council of Dawid Kruiper Municipality is planning to, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approve and adopt with effect from 1 July 2016 the tariffs for all other services, as set out in Annexure A (Draft Tariff List).

4. To give proper effect to the municipality's draft annual budget, the Council of Dawid Kruiper Municipality approves:

   4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

   4.2. That the municipality do not plan to commit to any new long term loans for the 2017/2018 MTREF.

   4.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above funding programme.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programs so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items. This has resulted in savings to the municipality. Key areas were savings for councillors on telephone and internet usage, printing, attending of workshops, overseas and national travel and accommodation and catering.

The municipality has embarked on implementing a range of revenue collection strategies to collect of debt owed by consumers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circulars Number 85 and 86 were used to guide the compilation of the 2017/2018 MTREF.

The main challenges experienced during the compilation of the 2017/2018 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging water, sewerage, roads and electricity infrastructure;
- The need to reprioritised projects and expenditure within the existing resource envelope given the cash flow realities;
- The increased cost of bulk water and electricity (due to tariff increases from DWA and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable – as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies; and
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2017/2018 MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2017/2018 MTREF:

- The 2016/2017 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2017/2018 draft annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI; except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the

wage negotiations as well as cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The municipality did budget for two allocations that were not gazetted. As the municipality is not allowed to increase income via the Virement Policy and the adjustment budget is only approved after the festival took place; this should remain on the budget. The municipality is not allowed to increase income via virements.
- The amalgamation of Dawid Kruiper and Mier Municipalities in the 2016/2017 Financial year also put immeasurable strain on the 2017/2018 Draft budget as the two municipality's budget needs to be aligned to ensure that when the amalgamation takes place, that the combination of the two budgets are done seamlessly.
- Expenditure on certain items were limited and for the following items and allocations to these items it had to be supported by a list and / or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
  - Special Projects;
  - Consultant Fees;
  - Furniture and office equipment;
  - Special Events;
  - Refreshments and entertainment;
  - Donations;
  - Ad-hoc travelling; and
  - Subsistence, Travelling & Conference fees (national & international).

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/2018 Medium-term Revenue and Expenditure Framework:

Due to changes in the accounts brought about by mSCOA (Municipal Standard Chart Of Accounts) as well as the merger between //Khara Hais Municipality and Mier Municipality, no comparative totals for 2016/2017 are available. Subsequently no % increase/decrease will be shown for the 2017/2018 budget year in the tables that follow.

Table 1 Consolidated Overview of the 2017/2018 MTREF

R thousands	Current Year	2017/2018 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK					
R thousands	2016/2017 Adjusted	Budget Year 2017/2018	2017/2018 % Increase	Budget Year+1 2018/2019	2018/2019 % Increase	Budget Year+2 2019/2020	2019/2020 % Increase
Total Revenue (excluding capital transfers and contributions)	–	634 590	-	658 751	3.8%	687 287	4.3%
Total Operating Expenditure	–	695 180	-	730 626	5.1%	764 361	4.6%
Surplus/(Deficit)	–	(60 589)	-	(71 875)	18.6%	(77 074)	7.2%
Total Capital Expenditure	–	52 014	-	55 135	6.0%	58 443	6.0%
Surplus/(Deficit) for the year	–	(8 576)	-	(16 740)	95.2%	(18 631)	11.3%

Total operating revenue for 2017/2018 are R634,590,407. For the two outer years, operational revenue will increase by 3.8% and 4.3% respectively; equating to a total revenue growth of R 52.7 million over the MTREF when compared to the 2017/2018 financial year.

Total operating expenditure for the 2017/2018 financial year has been appropriated at R 695.180 million and translates into a budgeted deficit of R 60.589 million. When compared to the respective outer years of the MTREF 2016/2017 Adjustments Budget; operating expenditure grow by 5.1% and 6.6%. The operating deficit for the two outer years increases to R 71.875 million and R 77.074 million. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years. This additional off-setting depreciation is not included in the budget for tariff calculation purposes. However, the municipality can expect to generate an non-cash operating deficit when the 2017/2018 annual financial statements are compiled compliant with the Accounting Standards since this off-setting depreciation is reflected in the Statement of Financial Performance and not directly to the Statement of Changes in Net Assets.

The capital budget for 2017/2018 is R 91.817 million. The capital programme then decreases to R 35.519 million in the 2018/2019 financial year and increases then to R 96.793 million in the 2019/2020 financial year. More than half of the 2017/2018 capital budget will be funded from own funding (revenue) over MTREF with anticipated own funding of R 43.537 million; R 8.001million and R 19.931 million in each of the financial

years of the MTREF. Own funding will contribute 47.4%, 22.5% and 20.6% of capital expenditure in each of the MTREF years; and, government grants and transfers will contribute 52.6%, 77.5% and 79.4% of capital expenditure in each of the MTREF years. No projects will be funded from external borrowing. Note that the municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has substantially increased over the past four years as a result of the aggressive capital infrastructure programme implemented over the past four years. Consequently, the capital budget remains relatively flat over the medium-term.

1.4 Operating Revenue Framework

For Dawid Kruiper Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 98 per cent (98%) annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing / calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;

- The municipality's Indigent Policy and rendering of "free" basic services; and
- Tariff policies of the municipality.

The following Table 2 is a summary of the 2017/2018 MTREF (classified by main revenue source). In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus / (deficit).

Table 2 Summary of revenue classified by main revenue source

Description	Ref	Current Year 2016/2017				2015/16 Medium Term Revenue & Expenditure		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/2018	Budget Year+1 2018/2019	Budget Year+2 2019/2020
Revenue By Source								
Property rates	2					89 747.885	95 133	100 841
Service charges - electricity revenue	2					293 862.834	299 387	305 016
Service charges - water revenue	2					62 965.607	66 892	71 054
Service charges - sanitation revenue	2					32 297.043	34 235	36 289
Service charges - refuse revenue	2					27 845.470	29 516	31 287
Service charges - other								
Rental of facilities and equipment						9 640.095	10 218	10 832
Interest earned - external investments						1 590.000	1 685	1 787
Interest earned - outstanding debtors						3 710.000	3 933	4 169
Dividends received						–	–	–
Fines						668.150	708	751
Licences and permits						1 644.171	1 743	1 847
Agency services						1 657.000	1 756	1 862
Transfers recognised - operational						90 383.965	93 851	100 679
Other revenue	2					13 514.131	14 325	15 184
Gains on disposal of PPE						5 064.056	5 368	5 690
Total Revenue (excluding capital transfers and contributions)						**634 590.407**	**658 751**	**687 287**

The following Table 3 shows the percentage growth in revenue by main revenue source for the two outer years of the MTREF.

Table 3 Percentage growth in revenue by main revenue source

Description	Ref	2015/16 Medium Term Revenue & Expenditure Framework					
R thousand	1	Budget Year 2017/2018	% Increase / (Decrease)	Budget Year+1 2018/2019	% Increase / (Decrease)	Budget Year+2 2019/2020	% Increase / (Decrease)
Revenue By Source							
Property rates	2	89 747.885	-	95 133	6.0%	100 841	6.0%
Service charges - electricity revenue	2	293 862.834	-	299 387	1.9%	305 016	1.9%
Service charges - water revenue	2	62 965.607	-	66 892	6.2%	71 054	6.2%
Service charges - sanitation revenue	2	32 297.043	-	34 235	6.0%	36 289	6.0%
Service charges - refuse revenue	2	27 845.470	-	29 516	6.0%	31 287	6.0%
Service charges - other			-		0.0%		0.0%
Rental of facilities and equipment		9 640.095	-	10 218	6.0%	10 832	6.0%
Interest earned - external investments		1 590.000	-	1 685	6.0%	1 787	6.0%
Interest earned - outstanding debtors		3 710.000	-	3 933	6.0%	4 169	6.0%
Dividends received		–	-	–	0.0%	–	0.0%
Fines		668.150	-	708	6.0%	751	6.0%
Licences and permits		1 644.171	-	1 743	6.0%	1 847	6.0%
Agency services		1 657.000	-	1 756	6.0%	1 862	6.0%
Transfers recognised - operational		90 383.965	-	93 851	3.8%	100 679	7.3%
Other revenue	2	13 514.131	-	14 325	6.0%	15 184	6.0%
Gains on disposal of PPE		5 064.056	-	5 368	6.0%	5 690	6.0%
Total Revenue (excluding capital transfers and contributions)		**634 590.407**		**658 751**	**3.8%**	**687 287**	**4.3%**

Revenue generated from rates and services charges forms a significant percentage of the revenue basket of the municipality. Rates and service charge revenues comprise more than three quarters of the total revenue mix. In the 2017/2018 financial year, revenue from rates and services charges totals R 506.7 million or 79.8%. This increases to R 525.1 million and R 544.4 million in the respective outer financial years of the MTREF. A notable trend is the how the total percentage revenue generated from rates and services have stabilised at an average of around 79% over the MTREF with it being 79.8% in 2017/2018, 79.7% in 2018/2019 and 79.2% in 2019/2020. This shows that the municipality tariffs are reasonably in line with their goals. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 63 MBRR SA1.

Electricity sales is the largest revenue source totalling R 293.8 million rand and increases to R 305.0 million by 2019/2020. Property rates is the third largest revenue source totalling R 89.7 million rand and increases to R 100.8 million by 2019/2020 after Transfer recognised – Operational that is in second, totalling R 90.3 million rand and increases to R 100.6 million by 2019/2020. Water is the fourth largest revenue source, Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Note that the year-on-year growth for Operating Transfers and Grants are 3.8% and 4.3% for the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2						
Operating Transfers and Grants							
National Government:		–	–	–	80 679	83 745	90 573
Local Government Equitable Share					70 769	78 081	84 564
Finance Management					4 045	4 301	4 561
Municipal Systems Improvement					–	–	–
Energy Efficiency and Demand Management					26	26	44
Municipal Infrastructure Grant (MIG)					1 273	1 337	1 404
Amalgamation Grant					4 565	–	–
Provincial Government:		–	–	–	3 030	3 030	2 606
Sport and Recreation					3 030	3 030	2 606
Amalgamation Grant							
District Municipality:		–	–	–	–	–	–
[insert description]							
Other grant providers:		–	–	–	6 675	7 076	7 500
VAT on Grants					6 675	7 076	7 500
Total Operating Transfers and Grants	5	–	–	–	90 384	93 851	100 679

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom and DWA bulk tariffs determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services; whereas the cost drivers of a municipality are informed by items such as the cost of remuneration of salaries and allowances, bulk purchases of electricity and water, petrol, diesel, chemicals, cement, etcetera. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates partially cover the cost of the provision of general services. However, some of these costs are subsides through profits generated from trading services (electricity and water sales). Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure (PSI) and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the 2009/2010 budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100% rebate may be granted to registered indigents in terms of the Customer Care, Credit Control, Debt Collection and Indigent Support Policy;
- For pensioners, physically and mentally disabled persons, a rebate of 20% to 100% (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and / or his / her spouse, if any, does not to exceed the amount of R 5 980 per month. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorised as residential.
- The Municipality may award a 100% grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organisations, institutions or organisations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply in the prescribed format and time for such a grant.
- Agricultural properties in terms of the Dawid Kruiper Municipality's Property Rates Policy may qualify for a further rebate of up to 20%. The owner of such a property must apply in the prescribed format for such a rebate before August.

A new valuation roll was implemented on the 1st of July 2014. This valuation roll is valid for a period of 4 years. The municipality may further request a 1-year extension from the MEC. Provision for this expenditure was made in the 2013/2014 Adjustment Budget. Thereafter provision for interim valuations for this expenditure was made on a year-on-year basis.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2017/2018 financial year based on the ±6% increase from 1 July 207 is contained in Table 5 below.

Table 5 Comparison of proposed rates to levied for the 2017/2018 financial year

Description	Ref	Provide description of tariff structure where appropriate	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
				Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Property rates *(rate in the Rand)*	1					
Residential properties			1.0524	1.1156	1.1825	1.2534
Residential properties - vacant land			2.1805	2.3113	2.4500	2.5970
Formal/informal settlements			1.0524	1.1156	1.1825	1.2534
Small holdings			1.0524	1.1156	1.1825	1.2534
Farm properties - used			0.0273	0.0289	0.0306	0.0325
Farm properties - not used			0.0273	0.0289	0.0306	0.0325
Industrial properties			1.6354	1.7335	1.8375	1.9477
Business and commercial properties			1.6354	1.7335	1.8375	1.9477
State-owned properties			1.6354	1.7335	1.8375	1.9477
Public service infrastructure			0.0273	0.0289	0.0306	0.0325

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent households); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014. Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. The municipality pumps its raw water from the Orange River and pays DWA for it.

A tariff increase of ±6% from 1 July 2017 for water is proposed. This is based on input cost assumptions (bulk water purchases from DWA); the cost of other inputs like chemicals, vehicle costs and salaries; and, a surplus generated on the water service of a minimum 15%. In addition, 6 kl water per month will again be granted through the equitable share grant to all registered indigent households.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

Description	Ref	Provide description of tariff structure where appropriate	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
				Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Water tariffs						
Domestic						
Basic charge/fixed fee *(Rands/month)*			n/a	n/a	n/a	n/a
Service point - vacant land *(Rands/month)*			80	91	97	102
Water usage - flat rate tariff *(c/kl)*			Refer to 31.1.9 of Tariff Policy			
Water usage - life line tariff		Structure is based on the				
Water usage - Block 1 (c/kl)		1 - 6 kl		6	6	7
Water usage - Block 2 (c/kl)		7 -18 kl		9	9	10
Water usage - Block 3 (c/kl)		19 - 50 kl		6	7	7
Water usage - Block 4 (c/kl)		51 - 80 kl		7	7	8
Water usage - Block 5 (c/kl)		> 81 kl		8	8	9
Other	2					

As the old //Khara Hais Municipality and Old Mier Municipality amalgamated in 2016/2017, there currently exist almost exist "2 sets" of tariffs" for the Dawid Kruiper Municipality. The reason for this is:

- The difference between the 2 sets of tariffs are too big a difference to align them through 1 budget process
- The level of service delivery also differs, therefore resulting in that the same amount cannot be levied to the consumers

Description	2017/2018	2016/2017	% Increase
Clean Water			
Residential			
Basic levy	**R 2.37**	**R 2.23**	**-%**
Water usage per kl (1 – 6 kl)	**R 4.82**	**R 4.55**	**6.00%**
Water usage per kl (7 – 10 kl)	**R 5.26**	**R 4.96**	**6.00%**
Water usage per kl (11 – 15 kl)	**R 7.09**	**R 6.69**	**6.00%**
Water usage per kl (16 – 30 kl)	**R 7.93**	**R 7.48**	**6.00%**
Water usage per kl (31 – 40 kl)	**R 8.89**	**R 8.38**	**6.00%**
Water usage per kl (41 kl en hoër)	**R 10.80**	**R 10.19**	**6.00%**

The following Table 7 shows the impact of the proposed increases in water tariffs (for different usages) on the water charges for a single dwelling-house.

Table 7 Comparison between current water charges and increases (Domestic)

Monthly Consumption kL	Current Amount Payable	Proposed Amount Payable	Increase	Percentage Increase
20 kL	145.60	154.54	8.94	**6.14%**
30 kL	204.00	216.54	12.54	**6.15%**
40 kL	262.40	278.54	16.14	**6.15%**
50 kL	320.80	340.54	19.74	**6.15%**
80 kL	513.40	544.84	31.44	**6.12%**
100 kL	660.40	700.64	40.24	**6.09%**

The tariff structure of the 2017/2018 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, starting at R6.07 for water consumption between 0-6kℓ, steadily increasing to a rate of R 7.79 per kiloliter for consumption in excess of 81 kℓ per month.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An increase of 2.06% in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2017.

Considering the Eskom bulk purchases increases, the consumer tariff had to be increased by an average of 1.88% to offset the additional bulk purchase cost from 1 July 2017. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to increase growth in electricity consumption, which will have a positive impact on the municipality's revenue from electricity. Furthermore, note should be taken that

should load-shedding be implemented again by Eskom, this will have a negative effect on the income from the sale of electricity.

Registered indigents will again be granted 50 kWh per month as a free basic service through the equitable share grant. Only registered indigent households receive free basic services (property rates, electricity, water, refuse removal and sanitation services). Registered indigent consumers' tariffs will increase with 1.88%.

The following Table 8 shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 8 Comparison between current electricity charges and increases (Domestic)

Monthly Consumption kW 60amp 1-Phase	Current Amount Payable	Proposed Amount Payable	Increase	Percentage Increase
100	170.07	173.27	3.20	**1.88%**
250	425.18	433.17	7.99	**1.88%**
500	850.35	866.34	15.99	**1.88%**
750	1 275.53	1 299.50	23.98	**1.88%**
1 000	1 700.70	1 732.67	31.97	**1.88%**
2 000	3 401.40	3 465.35	63.95	**1.88%**

It should further be noted that NERSA has advised that a stepped tariff structure for the sale of electricity needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The municipality is granted exemption for the implementation of step / block tariffs for now, although this might change in the future.

Owing to the high increases in Eskom's bulk tariffs over the last five years, it is clearly not possible to fund necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. As part of the 2017/2018 medium-term capital programme, funding has been allocated to electricity infrastructure. These infrastructure is being funded by INEP allocations and own revenue.

The total INEP funding of R 5.0 million and own funding of R2.86 million will be used to connect new households in Paballelo to the electricity network.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of ±6% for sanitation from 1 July 2017 is proposed. This is based on the input cost assumptions related to sanitation services. It should be noted that electricity costs, chemical costs, and, salaries and allowances contributes approximately 45% of waste water treatment input costs; therefore the higher than CPI increase of 6% per cent for sanitation tariffs.

The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the size of the improvements on the property with the argument that properties with bigger improvements on it will accommodate more people or business activities that will lead to the use more water to be discharged in the sewerage distribution networks – see calculations made in Table 9 below;
- Free sanitation services will be applicable to all registered indigents households; and
- The total revenue expected to be generated from rendering sanitation services amounts to R 32.297 million for the 2017/2018 financial year.

The following Table 9 compares the current and proposed tariffs for household, business and other consumers.

Table 9 Comparison between current sanitation charges and increases

Category	Proposed Tariff from 1 July 2016	Proposed Tariff from 1 July 2017
	Rand per month	Rand per month
HOUSEHOLD PROPERTIES		
Improvements less than 70 m^2	97.75	103.58
Improvements between 70 m^2 and 100 m^2	125.50	133.00
Improvements between 101 m^2 and 200 m^2	192.25	203.75
Improvements larger than 200 m^2	230.00	243.83
HOTELS, BUSINESSES AND OFFICES		
For improvements up to 200 m^2	214.50	227.33
The next 300 m^2 or portion thereof	214.50	227.33
For the next 400 m^2 or portion thereof above 500 m^2	214.50	227.33
INDUSTRIAL PROPERTIES		
For improvements up to 200 m^2	214.50	227.33
The next 300 m^2 or portion thereof	180.00	190.83
For the next 400 m^2 or portion thereof above 500 m^2 to 4 100 m^2	145.25	154.00
For the next 400 m^2 or portion thereof above 4 100 m^2	71.85	76.17

As the old //Khara Hais Municipality and Old Mier Municipality amalgamated in 2016/2017, there currently exist almost exist "2 sets" of tariffs" for the Dawid Kruiper Municipality. The reason for this is:

- The difference between the 2 sets of tariffs are too big a difference to align them through 1 budget process
- The level of service delivery also differs, therefore resulting in that the same amount cannot be levied to the consumers

Description	2017/2018	2016/2017	% Increase
SANITATION (PER YEAR)			
Woonhuise			
Rietfontein	**R 1 530.00**	**R 1 442.96**	**6.03%**
Groot Mier	**R 2 945.00**	**R 2 778.05**	**6.01%**
Klein Mier	**R 2 945.00**	**R 2 778.05**	**6.01%**
Loubos & Philandersbron	**R 1 604.00**	**R 1 513.43**	**5.98%**
Askham	**R 1 798.00**	**R 1 695.83**	**6.02%**
Welkom	**R 2 795.00**	**R 2 637.24**	**5.98%**

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 10 Comparison between current sanitation charges and increases, houses

Category	Current Amount Payable per month R	Proposed Amount Payble per month R	Difference / Increase per month R	Percentage Change
Improvements less than 70 m^2	97.75	103.58	5.83	5.97%
Improvements between 70 m^2 and 100 m^2	125.50	133.00	7.50	5.98%
Improvements between 101 m^2 and 200 m^2	192.25	203.75	11.50	5.98%
Improvements larger than 200 m^2	230.00	243.83	13.83	6.01%

1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration, the vast area of the service area of the municipality that needs to be serviced and the emergence of new informal settlements.

A ±6% increase in the waste removal tariff is proposed from 1 July 2017.

The following table compares current and proposed amounts payable from 1 July 2017 for refuse removal services.

Table 11 Comparison between current waste removal fees and increases

Category	Proposed Tariff from 1 July 2016	Proposed Tariff from 1 July 2017
	Rand per month	Rand per month
HOUSEHOLD PROPERTIES		
Improvements less than 100 m^2	103.75	110.00
Improvements between 101 m^2 and 200 m^2	151.75	161.00
Improvements larger than 200 m^2	193.50	205.00
BUSINESS PROPERTIES		
For improvements up to 200 m^2	21.72	23.00
The next 300 m^2 or portion thereof	9.85	10.45
For the next 400 m^2 or portion thereof above 500 m^2	5.00	5.30

As the old //Khara Hais Municipality and Old Mier Municipality amalgamated in 2016/2017, there currently exist almost exist "2 sets" of tariffs" for the Dawid Kruiper Municipality. The reason for this is:

- The difference between the 2 sets of tariffs are too big a difference to align them through 1 budget process
- The level of service delivery also differs, therefore resulting in that the same amount cannot be levied to the consumers

Description	2017/2018	2016/2017	% Increase
Refuse removal			
Houses, Flats, rentrooms (per year):			
Alle houses	89.00	83.86	6.13%
Businesses			
All Businesses	120.00	112.35	6.81%

The monthly amount payable for one removal per week varies from R 110.00 to R 205.00 for a household. This tariff includes free black plastic bags. Indigent households will get this basic service free by means of an indigent subsidy through the equitable share allocation from National Government.

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a middle income household (property with a municipal valuation of R 700 000; 1 000 kWh electricity consumption and 30 kl of water consumption per month); affordable income household (property with a municipal valuation of R 500 000; 500 kWh electricity consumption and 25 kl of water consumption per month) and a low income household (property with a municipal valuation of R 300 000; 350 kWh electricity consumption and 20 kl of water consumption per month). Note that in all instances the overall impact of the tariff increases on household's bills has been kept to less than 6.0%. This is mainly due to the increase of electricity of 1.88%. Indigent household's bills are fully subsidised where the indigent household have prepaid services Where the indigent household have conventional services, the household will be responsible for the services received more than the subsidized amount of 6 kℓ water and 50kW electricity.

Table 12 MBRR Table SA14 – Household bills

Description Rand/cent	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Monthly Account for Household - 'Middle Income Range'	1							
Rates and services charges:								
Property rates					6.0%	975.40	1 033.93	1 095.96
Electricity: Basic levy					1.9%	–	–	–
Electricity: Consumption					1.9%	1 822.04	1 856.29	1 891.19
Water: Basic levy					6.0%	–	–	–
Water: Consumption					6.0%	226.76	240.37	254.79
Sanitation					6.0%	248.00	262.87	278.65
Refuse removal					6.0%	203.23	215.43	228.35
Other					6.0%	–	–	–
sub-total		–	–	–	–	3 475.43	3 608.89	3 748.94
VAT on Services						350.00	360.49	371.42
Total large household bill:		–	–	–	–	3 825.43	3 969.38	4 120.36
% increase/-decrease		–	–	–		–	3.8%	3.8%
Monthly Account for Household - 'Affordable Range'	2							
Rates and services charges:								
Property rates					6.0%	677.56	718.22	761.31
Electricity: Basic levy					1.9%	–	–	–
Electricity: Consumption					1.9%	911.02	928.15	945.60
Water: Basic levy					6.0%	–	–	–
Water: Consumption					6.0%	196.76	208.57	221.08
Sanitation					6.0%	207.21	219.64	232.82
Refuse removal					6.0%	157.78	167.24	177.28
Other					6.0%	–	–	–
sub-total		–	–	–	–	2 150.33	2 241.82	2 338.09
VAT on Services						206.19	213.30	220.75
Total small household bill:		–	–	–	–	2 356.52	2 455.12	2 558.83
% increase/-decrease		–	–	–		–	4.2%	4.2%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3							
Rates and services charges:								
Property rates						–	–	–
Electricity: Basic levy						–	–	–
Electricity: Consumption					1.9%	57.07	58.14	59.24
Water: Basic levy						–	–	–
Water: Consumption					6.0%	137.53	145.78	154.53
Sanitation					6.0%	111.37	118.06	125.14
Refuse removal					6.0%	113.76	120.59	127.82
Other						–	–	–
sub-total		–	–	–	–	419.73	442.57	466.73
VAT on Services					5.4%	58.76	61.96	65.34
Total small household bill:		–	–	–	–	478.50	504.53	532.07
% increase/-decrease		–	–	–		–	5.4%	5.5%

1.5 Operating Expenditure Framework

The municipality’s expenditure framework for the 2017/2018 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2017/2018 budget and MTREF (classified per main type of operating expenditure).

Table 13 Summary of operating expenditure by standard classification item

Expenditure By Type											
Employee related costs	2	-	-	-	-	-	-	-	249 916	271 317	286 994
Remuneration of councillors									11 418	12 104	12 830
Debt impairment	3								5 000	5 300	5 618
Depreciation & asset impairment	2	-	-	-	-	-	-	-	92 534	92 570	92 608
Finance charges									12 481	12 497	12 513
Bulk purchases	2	-	-	-	-	-	-	-	188 976	198 425	208 346
Other materials	8								18 388	19 308	20 273
Contracted services		-	-	-	-	-	-	-	19 490	16 758	17 635
Transfers and subsidies		-	-	-	-	-	-	-	210	223	236
Other expenditure	4, 5	-	-	-	-	-	-	-	96 767	102 127	107 308
Loss on disposal of PPE											
Total Expenditure		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**695 180**	**730 626**	**764 361**

The budgeted allocation for employee related costs for the 2017/2018 financial year totals R 249.9 million, which equals 35.9% per cent of the total operating expenditure and 41.8% of operating expenditure excluding non-cash items. The salary collective agreement for 2017/2018 is 6% and onwards exists and the municipality has budgeted for a cost-of-living increase of 6%.

SALGA and the two workers unions (SAMWU and IMATU) reached a salary agreement in 2016/2017. Based on this agreement, salaries will increase by 6.0%. An annual cost-of-living increase of 6.0% has been included in the two outer years of the MTREF. As part of the municipality's cost reprioritisation and cash management strategy vacancies have been significantly rationalised downwards. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions. All overtime is being approved by the Accounting Officer to ensure that the overtime is monitored at all times.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 98% for the 2017/2018 financial year and the Writing-Off of Irrecoverable Debt Policy of the municipality. For the 2017/2018 financial year this amount equates to R 5.0 million and R 5.3 million and R5.618 million for the two outer years. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. The moratorium on the handover of residential consumers was lifted in 2016/2017 and therefore defaulting consumer debtors will be handed over for collection.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 92.5 million for the 2017/2018 financial and equates to 13.3% of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years. This additional off-setting depreciation is not included in the budget for tariff calculation purposes. However, the municipality can expect to generate an non-cash operating deficit when the 2017/2018 annual financial statements are compiled compliant with the

Accounting Standards since this off-setting depreciation is reflected in the Statement of Financial Performance and not directly to the Statement of Changes in Net Assets.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.8% (R 12.4 million) of operating expenditure excluding annual redemption for 2017/2018 and increases to R 12.5 million by 2019/2020. As previously noted, the municipality has reached its prudential limits for borrowing. Therefore no external borrowing is being budgeted for from 2017/2018 – 2019/2020.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from DWA. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials to be procured for the maintenance of the municipality's assets are included under other expenditure. This includes an amount of R 18.3 million for the 2017/2018 financial year and R 19.3 million and R 20.2 million for the two outer years of the MTREF. With the adoption of GRAP 17 Dawid Kruiper Municipality adopted the revaluation method with the higher Depreciated Replacement Cost (DRC), this resulted in a net asset value of R 1.8 billon. Circular 55 requires that municipalities should ensure that repairs and maintenance is at least 8% of the total value of Property, Plant and Equipment, this is however impossible to budget for repairs and maintenance of R 145.6 million as this expenditure must be funded with tariff increases. Therefore the implication of the revaluation method of GRAP 17 is taken into consideration when determining the budgeted amounts for repairs and maintenance.

Contracted services have been identified as a cost saving area for the municipality. As part of the compilation of the 2017/2018 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2017/2018 financial year, this group of expenditure totals R 19.4 million and has increased compared to the 2016/2017 adjustments budget, clearly. For the two outer years growth has been limited to 2.64% and 2.65%. As part of the process of identifying further cost efficiencies, a business process re-engineering project will commence in the 2017/2018 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be

factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 63 MBRR SA1.

Other expenditure comprises of various line items relating to the daily operations of the municipality. As mentioned above it includes other materials for repair and maintenance of the municipality's assets. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Further details relating to other expenditure can be seen in Table 63 MBRR SA1.

The following chart gives a breakdown of the main expenditure categories for the 2017/2018 financial year.

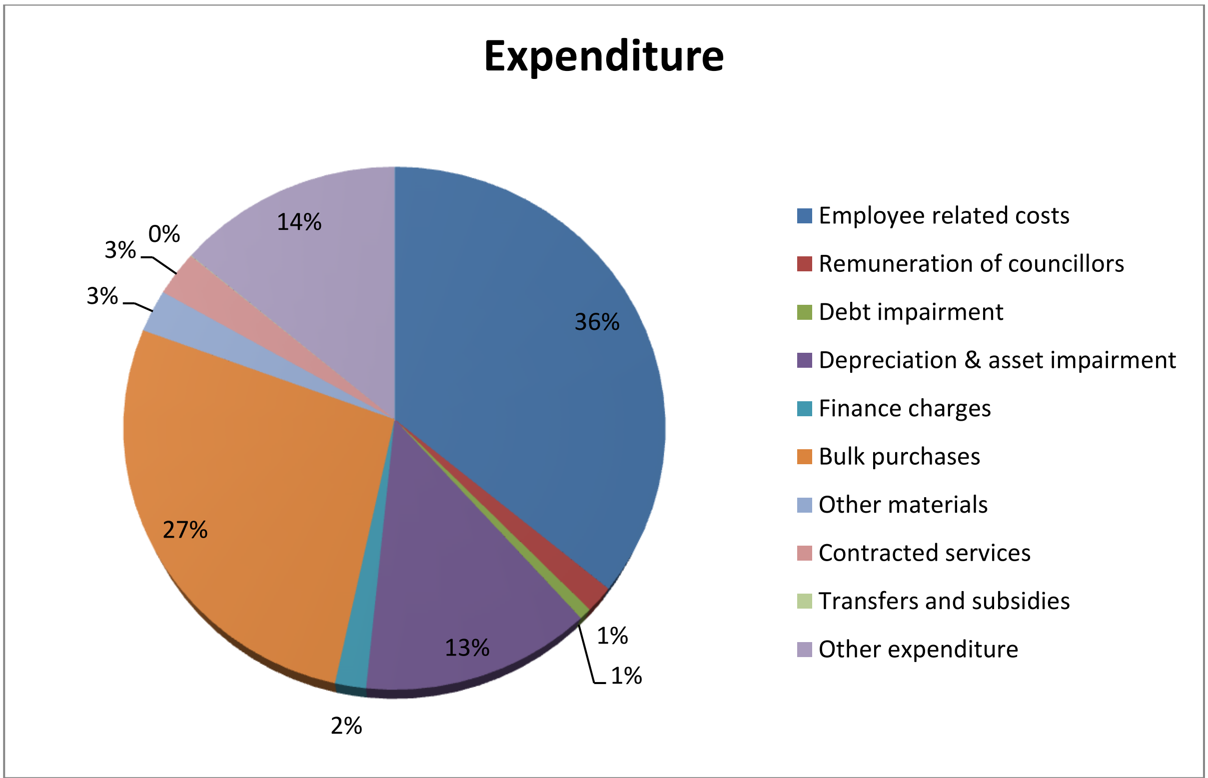


Figure 1 Main operational expenditure categories for the 2017/2018 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2017/2018 budget and MTREF provide for extensive growth in the area

of asset maintenance (higher than the inflation rate), as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials, vehicle costs and contracted services.

Unfortunately the financial system of the municipality is set up in such a way that these costs cannot be calculated and allocated very easily to the different asset classes. Therefore the following table will only reflect other materials to be procured for repairs and maintenance purposes. The revised Table 14 gives a better picture of the consolidated cost drivers of all the expenditures associated with repairs and maintenance.

Table 14 Operational repairs and maintenance

Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and Maintenance	8							
Employee related costs								
Other materials						18 388	19 308	20 273
Contracted Services								
Other Expenditure								
Total Repairs and Maintenance Expenditure	9	–	–	–	–	18 388	19 308	20 273

During the compilation of the 2016/2017 Adjustment Budget operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure. To this end, total repairs and maintenance was increased in the 2017/2018 financial year to R 18.3 million. As part of the 2017/2018 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2017/2018 equates to R 18.3 million a growth of 10.0% in relation to the 2016/2017 Adjustment Budget and continues to grow at 6.0% over the MTREF. Table 15 below provides a breakdown of the repairs and maintenance (only other materials costs) in relation to asset class.

Table 15 Repairs and maintenance per asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		–	–	–	–	–	–	4 166	4 374	4 593
Roads Infrastructure		–	–	–	–	–	–	790	829	871
Roads								715	750	788
Road Furniture								75	79	83
Storm water Infrastructure		–	–	–	–	–	–	90	95	99
Drainage Collection								90	95	99
Electrical Infrastructure		–	–	–	–	–	–	731	767	806
LV Networks								720	756	793
Capital Spares								11	12	12
Water Supply Infrastructure		–	–	–	–	–	–	1 460	1 533	1 610
Reservoirs								96	101	106
Water Treatment Works								213	223	235
Distribution								1 151	1 209	1 269
Sanitation Infrastructure		–	–	–	–	–	–	443	465	489
Reticulation								135	142	149
Waste Water Treatment Works								31	33	34
Toilet Facilities								212	223	234
Capital Spares								65	68	72
Solid Waste Infrastructure		–	–	–	–	–	–	3	3	3
Waste Processing Facilities								3	3	3
Rail Infrastructure		–	–	–	–	–	–	650	683	717
Rail Lines								650	683	717
Community Assets		–	–	–	–	–	–	364	382	401
Community Facilities		–	–	–	–	–	–	140	147	154
Fire/Ambulance Stations								21	22	23
Cemeteries/Crematoria								6	7	7
Public Open Space								112	118	124
Sport and Recreation Facilities		–	–	–	–	–	–	224	235	247
Outdoor Facilities								224	235	247
Other assets		–	–	–	–	–	–	8 945	9 386	9 848
Operational Buildings		–	–	–	–	–	–	8 945	9 386	9 848
Municipal Offices								2 610	2 740	2 877
Workshops								6 335	6 646	6 971
Computer Equipment		–	–	–	–	–	–	220	231	243
Computer Equipment								220	231	243
Furniture and Office Equipment		–	–	–	–	–	–	3 744	3 931	4 127
Furniture and Office Equipment								3 744	3 931	4 127
Machinery and Equipment		–	–	–	–	–	–	950	1 004	1 061
Machinery and Equipment								950	1 004	1 061
Total Repairs and Maintenance Expenditure	1	–	–	–	–	–	–	18 388	19 308	20 273

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. It should be noted that the Indigent Subsidy Policy was reviewed and that changes were made. For more detail on the policy visit our website at www.dkm.gov.za . Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service

delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted single- and multi-year capital expenditure by vote. For 2017/2018 an amount of R 91.8 million has been appropriated for investment in property, plant and equipment. In the outer years this amount totals R 35.5 million and R 96.7 million respectively for each of the financial years. Electro-Mechanical Services receives the highest allocation of R 38.2 million in 2017/2018 which equates to 41.6% of the capital budget.

Table 16 2017/2018 Medium-term capital budget per vote

Vote Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote								
Multi-year expenditure *to be appropriated*	2							
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICES		–	–	–	–	–	–	–
Vote 3 - FINANCIAL SERVICES		–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	–	–	–
Vote 5 - TECHNICAL DIRECTOR		–	–	–	–	–	–	–
Vote 6 - ELECTRO MECHANICAL SERVICES		–	–	–	–	–	–	–
Vote 7 - CIVIL ENGINEERING SERVICES		–	–	–	–	6 140	–	–
Vote 8 - DEVELOPMENT AND PLANNING SERVICES		–	–	–	–	21 223	22 281	23 397
Capital multi-year expenditure sub-total	7	**–**	**–**	**–**	**–**	**27 364**	**22 281**	**23 397**
Single-year expenditure *to be appropriated*	2							
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	1 524	1 590	1 685
Vote 2 - CORPORATE SERVICES		–	–	–	–	–	–	–
Vote 3 - FINANCIAL SERVICES		–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	936	–	–
Vote 5 - TECHNICAL DIRECTOR		–	–	–	–	–	–	–
Vote 6 - ELECTRO MECHANICAL SERVICES		–	–	–	–	38 210	11 648	71 711
Vote 7 - CIVIL ENGINEERING SERVICES		–	–	–	–	23 739	–	–
Vote 8 - DEVELOPMENT AND PLANNING SERVICES		–	–	–	–	44	–	–
Capital single-year expenditure sub-total		**–**	**–**	**–**	**–**	**64 453**	**13 238**	**73 396**
Total Capital Expenditure - Vote		**–**	**–**	**–**	**–**	**91 817**	**35 519**	**96 793**

Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b and c provides a detailed breakdown of the capital programme relating to new asset construction; capital asset renewal as well as operational repairs and maintenance by asset class.

Refer to pages 109 to 114 contain a detail breakdown of the capital budget per project over the medium-term.

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35. This concomitant operational expenditure is expected to escalate as new capital projects are implemented. It needs to be noted that as part of the 2017/2018 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables – Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/2018 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes*.

Explanatory notes to MBRR Table A1 – Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and

funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

   a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF.
   b. Capital expenditure is balanced by capital funding sources, of which:
      - Transfers recognised is reflected on the Financial Performance Budget;
      - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget; and
      - Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing / surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic

Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 17 MBRR Table A1 – Budget Summary

Description	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousands	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance							
Property rates	–	–	–	–	89 748	95 133	100 841
Service charges	–	–	–	–	416 971	430 031	443 646
Investment revenue	–	–	–	–	1 590	1 685	1 787
Transfers recognised - operational	–	–	–	–	90 384	93 851	100 679
Other own revenue	–	–	–	–	35 898	38 051	40 335
Total Revenue (excluding capital transfers and contributions)	–	–	–	–	634 590	658 751	687 287
Employee costs	–	–	–	–	249 916	271 317	286 994
Remuneration of councillors	–	–	–	–	11 418	12 104	12 830
Depreciation & asset impairment	–	–	–	–	92 534	92 570	92 608
Finance charges	–	–	–	–	12 481	12 497	12 513
Materials and bulk purchases	–	–	–	–	207 364	217 732	228 619
Transfers and grants	–	–	–	–	210	223	236
Other expenditure	–	–	–	–	121 257	124 184	130 562
Total Expenditure	–	–	–	–	695 180	730 626	764 361
Surplus/(Deficit)	–	–	–	–	(60 589)	(71 875)	(77 074)
Transfers and subsidies - capital (monetary alloc	–	–	–	–	52 014	55 135	58 443
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	–	–	–	–	(8 576)	(16 740)	(18 631)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	–	–	–	(8 576)	(16 740)	(18 631)
Capital expenditure & funds sources							
Capital expenditure	–	–	–	–	91 817	35 519	96 793
Transfers recognised - capital	–	–	–	–	48 280	27 518	76 862
Public contributions & donations	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	43 537	8 001	19 931
Total sources of capital funds	–	–	–	–	91 817	35 519	96 793
Financial position							
Total current assets	–	–	–	–	–	–	–
Total non current assets	–	–	–	–	–	–	–
Total current liabilities	–	–	–	–	8 912	9 660	8 966
Total non current liabilities	–	–	–	95 802	86 890	86 142	86 836
Community wealth/Equity	–	–	–	–	–	–	–
Cash flows							
Net cash from (used) operating	–	–	–	–	(65 653)	(77 243)	(82 764)
Net cash from (used) investing	–	–	–	–	57 078	60 502	64 133
Net cash from (used) financing	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	–	–	–	–	(8 576)	(25 316)	(43 947)
Cash backing/surplus reconciliation							
Cash and investments available	–	–	–	–	–	–	–
Application of cash and investments	–	–	–	–	–	–	–
Balance - surplus (shortfall)	–	–	–	–	–	–	–
Asset management							
Asset register summary (WDV)	–	–	–	–	–	–	–
Depreciation	–	–	–	92 534	92 534	92 570	92 608
Renewal of Existing Assets	–	–	–	–	29 341	12 727	–
Repairs and Maintenance	–	–	–	18 388	18 388	19 308	20 273
Free services							
Cost of Free Basic Services provided	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	32 621	32 621	34 257	35 989
Households below minimum service level							
Water:	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–

Explanatory notes to MBRR Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, but not for Water, Waste Water Management and Waste Management functions. This deficit shown on the above mentioned functions is non-cash deficits as the depreciation cost are included in the deficit. This is a result of the implementation of GRAP 17 – as detailed discussed on page 21.

4. Other functions that show a deficit between revenue and expenditure are being financed through the trading services profit, from rates revenues and other revenue sources reflected in the table.

Table 18 MBRR Table A2 – Budgeted Financial Performance (Revenue and expenditure by standard classification)

Functional Classification Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional							
Governance and administration		–	–	–	**244 535**	**257 447**	**274 694**
Executive and council		–	–	–	–	–	–
Finance and administration		–	–	–	244 535	257 447	274 694
Internal audit		–	–	–	–	–	–
Community and public safety		–	–	–	**9 192**	**9 561**	**9 529**
Community and social services		–	–	–	3 282	3 298	2 890
Sport and recreation		–	–	–	5 870	6 222	6 595
Public safety		–	–	–	39	42	44
Housing		–	–	–	–	–	–
Health		–	–	–	–	–	–
Economic and environmental services		–	–	–	**10 847**	**11 485**	**12 161**
Planning and development		–	–	–	6 186	6 545	6 924
Road transport		–	–	–	4 661	4 941	5 237
Environmental protection		–	–	–	–	–	–
Trading services		–	–	–	**422 030**	**435 392**	**449 345**
Energy sources		–	–	–	298 705	304 518	310 470
Water management		–	–	–	63 045	66 976	71 143
Waste water management		–	–	–	32 435	34 381	36 444
Waste management		–	–	–	27 845	29 516	31 287
Other	4	–	–	–	–	–	–
Total Revenue - Functional	2	–	–	–	**686 604**	**713 886**	**745 730**
Expenditure - Functional							
Governance and administration		–	–	–	**148 319**	**153 770**	**161 558**
Executive and council		–	–	–	41 143	43 799	46 287
Finance and administration		–	–	–	105 699	108 319	113 523
Internal audit		–	–	–	1 477	1 652	1 748
Community and public safety		–	–	–	**58 797**	**62 942**	**65 784**
Community and social services		–	–	–	6 370	6 605	6 363
Sport and recreation		–	–	–	34 840	37 365	39 362
Public safety		–	–	–	13 846	14 945	15 808
Housing		–	–	–	2 602	2 824	2 994
Health		–	–	–	1 139	1 203	1 257
Economic and environmental services		–	–	–	**82 936**	**88 191**	**91 606**
Planning and development		–	–	–	24 508	27 400	28 891
Road transport		–	–	–	58 428	60 792	62 716
Environmental protection		–	–	–	–	–	–
Trading services		–	–	–	**402 880**	**423 294**	**442 842**
Energy sources		–	–	–	249 792	261 882	274 026
Water management		–	–	–	71 708	74 885	77 774
Waste water management		–	–	–	44 266	46 846	49 096
Waste management		–	–	–	37 114	39 680	41 946
Other	4	–	–	–	**2 248**	**2 429**	**2 571**
Total Expenditure - Functional	3	–	–	–	**695 180**	**730 626**	**764 361**
Surplus/(Deficit) for the year		–	–	–	**(8 576)**	**(16 740)**	**(18 631)**

Explanatory notes to MBRR Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

The following table is an analysis of the surplus or deficit for the electricity and water trading services.

1. The electricity trading surplus is sustained over the 2017/2018 MTREF around 21.2%-21.5% from 2017/2018 to 2019/2020. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality and NERSA to buffer the impact of these increases on individual consumers.

2. The surplus on the water account remains relatively constant over the MTREF translating into a surplus of 21.2%, 24.1% and 25.5% for each of the respective financial years.

3. Note that the surpluses on these trading accounts are accounted for as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and to cross-subsidise other municipal services*.

Table 19 MBRR Table A3 – Budgeted Financial Performance (Revenue and expenditure by municipal vote)

Vote Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1						
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–
Vote 2 - CORPORATE SERVICES		–	–	–	9 379	9 942	10 538
Vote 3 - FINANCIAL SERVICES		–	–	–	235 154	247 504	264 154
Vote 4 - COMMUNITY SERVICES		–	–	–	36 875	38 905	40 634
Vote 5 - TECHNICAL DIRECTOR		–	–	–	–	–	–
Vote 6 - ELECTRO MECHANICAL SERVICES		–	–	–	298 705	304 518	310 470
Vote 7 - CIVIL ENGINEERING SERVICES		–	–	–	95 734	101 627	107 873
Vote 8 - DEVELOPMENT AND PLANNING SERVICES		–	–	–	10 758	11 390	12 061
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–
Total Revenue by Vote	2	**–**	**–**	**–**	**686 604**	**713 886**	**745 730**
Expenditure by Vote *to be appropriated*	1						
Vote 1 - MUNICIPAL MANAGER		–	–	–	43 120	45 994	48 611
Vote 2 - CORPORATE SERVICES		–	–	–	34 093	36 232	37 755
Vote 3 - FINANCIAL SERVICES		–	–	–	48 583	47 257	49 847
Vote 4 - COMMUNITY SERVICES		–	–	–	120 075	128 794	135 433
Vote 5 - TECHNICAL DIRECTOR		–	–	–	–	–	–
Vote 6 - ELECTRO MECHANICAL SERVICES		–	–	–	252 775	265 001	277 017
Vote 7 - CIVIL ENGINEERING SERVICES		–	–	–	168 661	176 272	182 896
Vote 8 - DEVELOPMENT AND PLANNING SERVICES		–	–	–	27 845	31 050	32 846
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–
Total Expenditure by Vote	2	**–**	**–**	**–**	**695 153**	**730 600**	**764 405**
Surplus/(Deficit) for the year	2	**–**	**–**	**–**	**(8 549)**	**(16 714)**	**(18 675)**

Table 20 Surplus/(Deficit) calculations for the trading services

Description / R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Electricity									
Total Revenue (Excluding capital)	179 086	205 003	220 755	252 708	253 499	253 499	272 878	293 717	316 148
Operating Expenditure (excluding depreciation)	145 783	159 457	172 330	203 697	196 785	196 785	215 035	230 325	247 162
Surplus/(Deficit) for the year	33 303	45 546	48 425	49 012	56 714	56 714	57 843	63 392	68 987
Percentage Surplus	18.6%	22.2%	21.9%	19.4%	22.4%	22.4%	21.2%	21.6%	21.8%
Water									
Total Revenue (Excluding capital)	39 771	46 756	47 340	48 714	48 428	48 428	51 794	55 420	59 299
Operating Expenditure (excluding depreciation)	26 607	31 000	33 056	33 730	35 764	35 764	40 791	42 086	44 197
Surplus/(Deficit) for the year	13 164	15 757	14 284	14 985	12 664	12 664	11 003	13 333	15 102
Percentage Surplus	33.1%	33.7%	30.2%	30.8%	26.2%	26.2%	21.2%	24.1%	25.5%

Explanatory notes to Table A4 – Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R 634.59 million in 2017/2018 and escalates to R 687.2 million by 2019/2020. This represents a year-on-year increase of 3.8% for the 2018/2019 financial year and 4.3% for the 2019/2020 financial year.

2. Revenue to be generated from property rates is R 89.7 million in the 2017/2018 financial year and increases to R 100.8 million by 2019/2020 which represents 12.36% of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at ±6.0% for each of the respective financial years of the MTREF.

3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R 416.9 million for the 2017/2018 financial year and increasing to R 443.6 million by 2019/2020. For the 2017/2018 financial year services charges amount to 65.7% of the total revenue base, but decreases to 64.6% by 2019/2020. This decrease can mainly be attributed to the increase in the bulk prices of electricity and water.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. Operating grants and transfers totals R 90.3 million in the 2017/2018 financial year and increases to R 100.6 million for 2019/2020. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 21 MBRR Table A4 – Budgeted Financial Performance (revenue and expenditure)

Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source								
Property rates	2	–	–	–	–	89 748	95 133	100 841
Service charges - electricity revenue	2	–	–	–	–	293 863	299 387	305 016
Service charges - water revenue	2	–	–	–	–	62 966	66 892	71 054
Service charges - sanitation revenue	2	–	–	–	–	32 297	34 235	36 289
Service charges - refuse revenue	2	–	–	–	–	27 845	29 516	31 287
Service charges - other								
Rental of facilities and equipment						9 640	10 218	10 832
Interest earned - external investments						1 590	1 685	1 787
Interest earned - outstanding debtors						3 710	3 933	4 169
Dividends received						–	–	–
Fines, penalties and forfeits						668	708	751
Licences and permits						1 644	1 743	1 847
Agency services						1 657	1 756	1 862
Transfers and subsidies						90 384	93 851	100 679
Other revenue	2	–	–	–	–	13 514	14 325	15 184
Gains on disposal of PPE						5 064	5 368	5 690
Total Revenue (excluding capital transfers and contributions)		**–**	**–**	**–**	**–**	**634 590**	**658 751**	**687 287**
Expenditure By Type								
Employee related costs	2	–	–	–	–	249 916	271 317	286 994
Remuneration of councillors						11 418	12 104	12 830
Debt impairment	3					5 000	5 300	5 618
Depreciation & asset impairment	2	–	–	–	–	92 534	92 570	92 608
Finance charges						12 481	12 497	12 513
Bulk purchases	2	–	–	–	–	188 976	198 425	208 346
Other materials	8					18 388	19 308	20 273
Contracted services		–	–	–	–	19 490	16 758	17 635
Transfers and subsidies		–	–	–	–	210	223	236
Other expenditure	4, 5	–	–	–	–	96 767	102 127	107 308
Loss on disposal of PPE								
Total Expenditure		**–**	**–**	**–**	**–**	**695 180**	**730 626**	**764 361**
Surplus/(Deficit)		**–**	**–**	**–**	**–**	**(60 589)**	**(71 875)**	**(77 074)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)						52 014	55 135	58 443
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	6	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)								
Surplus/(Deficit) after capital transfers & contributions		**–**	**–**	**–**	**–**	**(8 576)**	**(16 740)**	**(18 631)**
Taxation								
Surplus/(Deficit) after taxation		**–**	**–**	**–**	**–**	**(8 576)**	**(16 740)**	**(18 631)**
Attributable to minorities								
Surplus/(Deficit) attributable to municipality		**–**	**–**	**–**	**–**	**(8 576)**	**(16 740)**	**(18 631)**
Share of surplus/ (deficit) of associate	7							
Surplus/(Deficit) for the year		**–**	**–**	**–**	**–**	**(8 576)**	**(16 740)**	**(18 631)**

Explanatory notes to Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 below is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for the 2017/2018 financial year R 27.3 million has been allocated of the total R 91.8 million capital budget, which totals 29.8%. This allocation decreases to R 22.2 million in 2018/2019 and then increases to R 23.4 million in 2019/2020 owing primarily to the fact that various projects reach completion in 2018/2019.

3. Single-year capital expenditure has been appropriated at R 64.4 million for the 2017/2018 financial year and R 13.2 million and R 73.3 million respectively for the two outer years.

4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. For 2017/2018, capital transfers totals R 48.2 million (45.6%) and decrease to R27.5 million (77.2%) for 2017/2018 and then increases to R 76.8 million (72.4%) for 2019/2020.

Table 22 MBRR Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote								
Multi-year expenditure to be appropriated	2							
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICES		–	–	–	–	–	–	–
Vote 3 - FINANCIAL SERVICES		–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	–	–	–
Vote 5 - TECHNICAL DIRECTOR		–	–	–	–	–	–	–
Vote 6 - ELECTRO MECHANICAL SERVICES		–	–	–	–	–	–	–
Vote 7 - CIVIL ENGINEERING SERVICES		–	–	–	–	6 140	–	–
Vote 8 - DEVELOPMENT AND PLANNING SERVICES		–	–	–	–	21 223	22 281	23 397
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	**–**	**–**	**–**	**–**	**27 364**	**22 281**	**23 397**
Single-year expenditure to be appropriated	2							
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	1 524	1 590	1 685
Vote 2 - CORPORATE SERVICES		–	–	–	–	–	–	–
Vote 3 - FINANCIAL SERVICES		–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	936	–	–
Vote 5 - TECHNICAL DIRECTOR		–	–	–	–	–	–	–
Vote 6 - ELECTRO MECHANICAL SERVICES		–	–	–	–	38 210	11 648	71 711
Vote 7 - CIVIL ENGINEERING SERVICES		–	–	–	–	23 739	–	–
Vote 8 - DEVELOPMENT AND PLANNING SERVICES		–	–	–	–	44	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**–**	**–**	**–**	**–**	**64 453**	**13 238**	**73 396**
Total Capital Expenditure - Vote		**–**	**–**	**–**	**–**	**91 817**	**35 519**	**96 793**
Capital Expenditure - Functional								
Governance and administration		**–**	**–**	**–**	**–**	**1 524**	**1 590**	**1 685**
Executive and council						1 524	1 590	1 685
Finance and administration								
Internal audit								
Community and public safety		**–**	**–**	**–**	**–**	**5 296**	**4 360**	**7 851**
Community and social services						626		
Sport and recreation						4 360	4 360	7 851
Public safety						311		
Housing								
Health								
Economic and environmental services		**–**	**–**	**–**	**–**	**46 686**	**28 341**	**23 397**
Planning and development						28 426	22 281	23 397
Road transport						18 260	6 060	
Environmental protection								
Trading services		**–**	**–**	**–**	**–**	**38 310**	**1 228**	**63 860**
Energy sources						27 270	1 228	63 860
Water management						11 040		
Waste water management								
Waste management								
Other								
Total Capital Expenditure - Functional	3	**–**	**–**	**–**	**–**	**91 817**	**35 519**	**96 793**
Funded by:								
National Government						47 654	27 518	76 862
Provincial Government						626		
District Municipality								
Other transfers and grants								
Transfers recognised - capital	4	**–**	**–**	**–**	**–**	**48 280**	**27 518**	**76 862**
Public contributions & donations	5							
Borrowing	6							
Internally generated funds						43 537	8 001	19 931
Total Capital Funding	7	**–**	**–**	**–**	**–**	**91 817**	**35 519**	**96 793**

Explanatory notes to Table A6 – Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors, management and other users of budget documentation of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table 65 is supported by an extensive table of notes (SA3 which can be found on page 120) providing a detailed analysis of the major components of a number of items, including:

    - Call investments deposits;
    - Consumer debtors;
    - Property, plant and equipment;
    - Trade and other payables;
    - Provisions non-current;
    - Changes in net assets; and
    - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning

assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the Statement of Financial Position.

Table 23 MBRR Table A6 – Budgeted Financial Position

Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS								
Current assets								
Cash					–	18 821	18 821	18 821
Call investment deposits	1	–	–	–	–	–	–	–
Consumer debtors	1	–	–	–	–	57 066	77 838	76 838
Other debtors					–	5 488	5 488	5 488
Current portion of long-term receivables					–	5	–	–
Inventory	2				–	7 845	7 845	7 845
Total current assets		**–**	**–**	**–**	**–**	**89 226**	**109 993**	**108 993**
Non current assets								
Long-term receivables					–	–	–	–
Investments					–			
Investment property					–	584 341	589 959	595 914
Investment in Associate					–			
Property, plant and equipment	3	–	–	–	–	1 713 542	1 656 491	1 660 676
Agricultural					–			
Biological					–			
Intangible					–	5 167	5 167	5 167
Other non-current assets					–			
Total non current assets		**–**	**–**	**–**	**–**	**2 303 050**	**2 251 617**	**2 261 757**
TOTAL ASSETS		**–**	**–**	**–**	**–**	**2 392 276**	**2 361 610**	**2 370 750**
LIABILITIES								
Current liabilities								
Bank overdraft	1				–	5 000	3 000	2 000
Borrowing	4	–	–	–	–	8 912	9 660	8 966
Consumer deposits					–	12 500	12 500	12 500
Trade and other payables	4	–	–	–	–	90 708	64 200	76 856
Provisions					–	12 750	12 750	12 750
Total current liabilities		**–**	**–**	**–**	**–**	**129 871**	**102 110**	**113 072**
Non current liabilities								
Borrowing		–	–	–	–	94 995	85 081	76 820
Provisions		–	–	–	–	163 620	187 370	212 440
Total non current liabilities		**–**	**–**	**–**	**–**	**258 615**	**272 450**	**289 259**
TOTAL LIABILITIES		**–**	**–**	**–**	**–**	**388 485**	**374 560**	**402 331**
NET ASSETS	5	**–**	**–**	**–**	**–**	**2 003 790**	**1 987 050**	**1 968 419**
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)					–	2 003 790	1 987 050	1 968 419
Reserves	4	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	**–**	**–**	**–**	**–**	**2 003 790**	**1 987 050**	**1 968 419**

Explanatory notes to Table A7 – Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

3. The 2017/2018 MTREF provide for a net decrease in cash of R 8.5 million for the 2017/2018 financial year resulting in an overall projected negative cash position at year end.

4. In addition the municipality has undertaken an extensive debt collection drive resulting in cash receipts on arrear debtors.

5. The 2017/2018 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Table 24 MBRR Table A7 – Budgeted Cash Flow Statement

Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates						89 748	95 133	100 841
Service charges						416 971	430 031	443 646
Other revenue						27 124	28 751	30 476
Government - operating	1					90 384	93 851	100 679
Government - capital	1					–	–	–
Interest						5 300	5 618	5 955
Dividends						–	–	–
Payments								
Suppliers and employees						(670 480)	(708 346)	(740 872)
Finance charges						(5 000)	(5 300)	(5 618)
Transfers and Grants	1					(19 700)	(16 980)	(17 871)
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	–	–	–	**(65 653)**	**(77 243)**	**(82 764)**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE						57 078	60 502	64 133
Decrease (Increase) in non-current debtors						–	–	–
Decrease (increase) other non-current receivables						–	–	–
Decrease (increase) in non-current investments						–	–	–
Payments								
Capital assets						–	–	–
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	–	–	–	**57 078**	**60 502**	**64 133**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans						–	–	–
Borrowing long term/refinancing						–	–	–
Increase (decrease) in consumer deposits						–	–	–
Payments								
Repayment of borrowing						–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		–	–	–	–	**(8 576)**	**(16 740)**	**(18 631)**
Cash/cash equivalents at the year begin:	2					–	**(8 576)**	**(25 316)**
Cash/cash equivalents at the year end:	2	–	–	–	–	**(8 576)**	**(25 316)**	**(43 947)**

Kgothatso Matlala:
is this the movement dividends received less dividends paid for consolidation purposes

Explanatory notes to Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves / accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

5. The main reason for these "unfunded" projections were a lack of cash due to government not honouring their service charges, outstanding debt, moratorium on handover of consumer debtors, unspent grants not being cash backed for previous financial years, the roll-over of capital projects that is ongoing for more than a year which is being funded from external loans and own funds, housing programme claims not paid out by provincial government and unfunded mandates for Primary Health Care Services, Environmental Services, Library Services, Disaster Management, etc. Based on Circular 74 (Unfunded Mandates) the municipality has identified certain functions, which is not the core function of the municipality and is jeopardizing our financial situation. An item was tabled to Council and discussions and decisions will determine these function(s) will dispose or rented out. The municipality will be unable to raise external loans until the shortfall on A8 is R 0. Therefore Council has approved a Municipal Turn Around Strategy (MTAS) to ensure that our current financial situation approves during the MTREF.

6. Considering the requirements of section 18 of the MFMA, it can be concluded that the draft 2017/2018 MTREF was funded. This was confirmed by Provincial Treasury assessment on the 2016-2017 Draft budget.

7. As part of the budgeting and planning guidelines that informed the compilation of the 2017/2018 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 25 MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available								
Cash/cash equivalents at the year end	1	–	–	–	–	(8 576)	(25 316)	(43 947)
Other current investments > 90 days		–	–	–	–	8 576	25 316	43 947
Non current assets - Investments	1	–	–	–	–	–	–	–
Cash and investments available:		–	–	–	–	–	–	–
Application of cash and investments								
Unspent conditional transfers		–	–	–	–	–	–	–
Unspent borrowing		–	–	–		–	–	–
Statutory requirements	2							
Other working capital requirements	3	–	–	–	–	–	–	–
Other provisions								
Long term investments committed	4	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5							
Total Application of cash and investments:		–	–	–	–	–	–	–
Surplus(shortfall)		–	–	–	–	–	–	–

Explanatory notes to Table A9 – Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. This is however impossible to budget for repairs and maintenance of 8% as this would equate to R 145.6 million. This expenditure will have to be funded with tariff increases, resulting in tariffs increases of higher van 25%. Therefore the implication of the revaluation method of GRAP 17 is taken into consideration when determining the budgeted amounts for repairs and maintenance.

3. Depreciation and asset impairment costs (off-setting depreciation included) due to the implementation of the GRAP Accounting Standards on the carrying values of componentised assets makes it virtually unaffordable to maintain the municipality's assets at depreciated replacement cost.

Table 26 MBRR Table A9 – Asset Management

Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE							
Total New Assets	1	–	–	–	62 475	22 791	96 793
Roads Infrastructure		–	–	–	650	8 362	–
Storm water Infrastructure		–	–	–	–	–	–
Electrical Infrastructure		–	–	–	30 722	5 588	71 711
Water Supply Infrastructure		–	–	–	7 659	6 009	23 397
Sanitation Infrastructure		–	–	–	11 047	1 242	–
Solid Waste Infrastructure		–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–
Infrastructure		–	–	–	50 078	21 201	95 107
Community Facilities		–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	5 141	–	–
Community Assets		–	–	–	5 141	–	–
Heritage Assets		–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–
Investment properties		–	–	–	–	–	–
Operational Buildings		–	–	–	11	–	–
Housing		–	–	–	–	–	–
Other Assets		–	–	–	11	–	–
Biological or Cultivated Assets		–	–	–	–	–	–
Servitudes		–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–
Computer Equipment		–	–	–	157	–	–
Furniture and Office Equipment		–	–	–	2 320	1 590	1 685
Machinery and Equipment		–	–	–	768	–	–
Transport Assets		–	–	–	4 000	–	–
Libraries		–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	–	–	29 341	12 727	–
Roads Infrastructure		–	–	–	16 035	6 667	–
Storm water Infrastructure		–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	10 540	–	–
Sanitation Infrastructure		–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–
Infrastructure		–	–	–	26 576	6 667	–
Community Facilities		–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–
Community Assets		–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–
Investment properties		–	–	–	–	–	–
Operational Buildings		–	–	–	300	–	–
Housing		–	–	–	–	–	–
Other Assets		–	–	–	300	–	–
Biological or Cultivated Assets		–	–	–	–	–	–
Servitudes		–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–
Computer Equipment		–	–	–	34	–	–
Furniture and Office Equipment		–	–	–	2	–	–
Machinery and Equipment		–	–	–	120	–	–
Transport Assets		–	–	–	2 310	6 060	–
Libraries		–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–
Total Upgrading of Existing Assets	6	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–
Community Assets		–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–
Investment properties		–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–
Housing		–	–	–	–	–	–
Other Assets		–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–
Servitudes		–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–
Libraries		–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–
Total Capital Expenditure	4						
Roads Infrastructure		–	–	–	16 685	15 030	–
Storm water Infrastructure		–	–	–	–	–	–
Electrical Infrastructure		–	–	–	30 722	5 588	71 711
Water Supply Infrastructure		–	–	–	18 199	6 009	23 397
Sanitation Infrastructure		–	–	–	11 047	1 242	–
Solid Waste Infrastructure		–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–
Infrastructure		–	–	–	76 653	27 869	95 107
Community Facilities		–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	5 141	–	–
Community Assets		–	–	–	5 141	–	–
Heritage Assets		–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–
Investment properties		–	–	–	–	–	–
Operational Buildings		–	–	–	311	–	–
Housing		–	–	–	–	–	–
Other Assets		–	–	–	311	–	–
Biological or Cultivated Assets		–	–	–	–	–	–
Servitudes		–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–
Computer Equipment		–	–	–	191	–	–
Furniture and Office Equipment		–	–	–	2 322	1 590	1 685
Machinery and Equipment		–	–	–	888	–	–
Transport Assets		–	–	–	6 310	6 060	–
Libraries		–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		–	–	–	91 817	35 519	96 793

Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSET REGISTER SUMMARY - PPE (WDV)	5						
Roads Infrastructure							
Storm water Infrastructure							
Electrical Infrastructure							
Water Supply Infrastructure							
Sanitation Infrastructure							
Solid Waste Infrastructure							
Rail Infrastructure							
Coastal Infrastructure							
Information and Communication Infrastructure							
Infrastructure		–	–	–	–	–	–
Community Facilities							
Sport and Recreation Facilities							
Community Assets		–	–	–	–	–	–
Heritage Assets							
Revenue Generating							
Non-revenue Generating							
Investment properties		–	–	–	–	–	–
Operational Buildings							
Housing							
Other Assets		–	–	–	–	–	–
Biological or Cultivated Assets							
Servitudes							
Licences and Rights							
Intangible Assets		–	–	–	–	–	–
Computer Equipment							
Furniture and Office Equipment							
Machinery and Equipment							
Transport Assets							
Libraries							
Zoo's, Marine and Non-biological Animals							
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	–	–	–	–	–	–
EXPENDITURE OTHER ITEMS							
Depreciation	7	–	–	–	92 534	92 570	92 608
Repairs and Maintenance by Asset Class	3	–	–	–	**18 388**	**19 308**	**20 273**
Roads Infrastructure		–	–	–	790	829	871
Storm water Infrastructure		–	–	–	90	95	99
Electrical Infrastructure		–	–	–	731	767	806
Water Supply Infrastructure		–	–	–	1 460	1 533	1 610
Sanitation Infrastructure		–	–	–	443	465	489
Solid Waste Infrastructure		–	–	–	3	3	3
Rail Infrastructure		–	–	–	650	683	717
Coastal Infrastructure		–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–
Infrastructure		–	–	–	***4 166***	***4 374***	***4 593***
Community Facilities		–	–	–	140	147	154
Sport and Recreation Facilities		–	–	–	224	235	247
Community Assets		–	–	–	***364***	***382***	***401***
Heritage Assets		–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–
Investment properties		–	–	–	–	–	–
Operational Buildings		–	–	–	8 945	9 386	9 848
Housing		–	–	–	–	–	–
Other Assets		–	–	–	***8 945***	***9 386***	***9 848***
Biological or Cultivated Assets		–	–	–	–	–	–
Servitudes		–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–
Computer Equipment		–	–	–	**220**	**231**	**243**
Furniture and Office Equipment		–	–	–	**3 744**	**3 931**	**4 127**
Machinery and Equipment		–	–	–	**950**	**1 004**	**1 061**
Transport Assets		–	–	–	–	–	–
Libraries		–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		–	–	–	**110 922**	**111 877**	**112 881**
Renewal and upgrading of Existing Assets as % of total capex		*0.0%*	*0.0%*	*0.0%*	*32.0%*	*35.8%*	*0.0%*
Renewal and upgrading of Existing Assets as % of deprecn		*0.0%*	*0.0%*	*0.0%*	*31.7%*	*13.7%*	*0.0%*
R&M as a % of PPE		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Renewal and upgrading and R&M as a % of PPE		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

Explanatory notes to Table A10 – Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

2. The municipality continues to make good progress with the eradication of backlogs:
   a. The minimum level of water services is available to all households – formal as well as informal areas.
   b. Sanitation services backlogs decreases to the projected 0 households in 2019/2020 who receive a service below the minimum service level. This is due to the Bucket Eradication Programme which is funded from an in-kind grant allocation to DWA. This programme will eradicate over 2 000 bucket toilets.
   c. Electricity services backlogs will be reduced to an estimated 0 households by 2019/2020. Although the MTREF indicates the electrification of 769 houses together with electricity infrastructure through INEP grants and own funding, the growing need of more housing makes this an on-going exercise.
   d. The minimum level of refuse removal services is available to all households – formal as well as informal areas.

3. The changes in the Indigent Subsidy Policy will result in more households to be registered as indigent in 2017/2018, and therefore result in fewer households entitled to receive Free Basic Services.

4. It is anticipated that these Free Basic Services will cost the municipality R 22.6 million in 2017/2018, stabilise at R 24.5 million by 2019/2020. This is covered by the municipality's equitable share allocation from national government.

5. Included in the Free Basic Services, the municipality also 'gives' households R 2.6 million in free services in 2017/2018, and it increases to R 2.9 million in 2019/2020. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services" represent about 1.7% of service charges and property rates.

Table 27 MBRR Table A10 – Basic Service Delivery Measurement

Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1						
Water:							
Piped water inside dwelling		–	–	–	12 806	13 446	13 984
Piped water inside yard (but not in dwelling)		–	–	–	15 942	16 739	17 409
Using public tap (at least min.service level)	2	–	–	–	3 947	4 145	4 310
Other water supply (at least min.service level)	4	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	32 695	34 330	35 703
Using public tap (< min.service level)	3	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–
No water supply		–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**32 695**	**34 330**	**35 703**
Sanitation/sewerage:							
Flush toilet (connected to sewerage)		–	–	–	22 679	23 813	24 766
Flush toilet (with septic tank)		–	–	–	963	1 011	1 051
Chemical toilet		–	–	–	26	27	28
Pit toilet (ventilated)		–	–	–	315	331	344
Other toilet provisions (> min.service level)		–	–	–	2 814	2 955	3 073
Minimum Service Level and Above sub-total		–	–	–	26 797	28 137	29 263
Bucket toilet		–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	14	14	15
No toilet provisions		–	–	–	207	217	226
Below Minimum Service Level sub-total		–	–	–	221	232	241
Total number of households	5	**–**	**–**	**–**	**27 018**	**28 369**	**29 504**
Energy:							
Electricity (at least min.service level)		–	–	–	1 577	1 656	1 722
Electricity - prepaid (min.service level)		–	–	–	22 110	23 216	24 144
Minimum Service Level and Above sub-total		–	–	–	23 687	24 871	25 866
Electricity (< min.service level)		–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–
Other energy sources		–	–	–	2 040	2 142	2 228
Below Minimum Service Level sub-total		–	–	–	2 040	2 142	2 228
Total number of households	5	**–**	**–**	**–**	**25 727**	**27 013**	**28 094**
Refuse:							
Removed at least once a week		–	–	–	21 000	22 050	22 932
Minimum Service Level and Above sub-total		–	–	–	21 000	22 050	22 932
Removed less frequently than once a week		–	–	–	9 368	9 837	10 230
Using communal refuse dump		–	–	–	154	162	168
Using own refuse dump		–	–	–	813	853	888
Other rubbish disposal		–	–	–	5	5	5
No rubbish disposal		–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	10 340	10 857	11 291
Total number of households	5	**–**	**–**	**–**	**31 340**	**32 907**	**34 223**
Households receiving Free Basic Service	7						
Water (6 kilolitres per household per month)		–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–
Refuse (removed at least once a week)		–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)	8						
Water (6 kilolitres per **indigent** household per month)		–	–	–	2 476	2 476	2 476
Sanitation (free sanitation service to **indigent households**)		–	–	–	7 285	7 722	8 186
Electricity/other energy (50kwh per **indigent** household per month)		–	–	–	4 176	4 255	4 335
Refuse (removed once a week **for indigent households**)		–	–	–	8 305	8 803	9 332
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–
Total cost of FBS provided		**–**	**–**	**–**	**22 242**	**23 256**	**24 328**
Highest level of free service provided per household							
Property rates (R value threshold)					15 000	15 000	15 000
Water (kilolitres per household per month)					6	6	6
Sanitation (kilolitres per household per month)					–	–	–
Sanitation (Rand per household per month)					248	248	248
Electricity (kwh per household per month)					50	50	50
Refuse (average litres per week)					203	203	203
Revenue cost of subsidised services provided (R'000)	9						
Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)							
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**		–	–	–	10 379	11 001	11 661
Water **(in excess of 6 kilolitres per indigent household per month)**		–	–	–	–	–	–
Sanitation **(in excess of free sanitation service to indigent households)**		–	–	–	–	–	–
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**		–	–	–	–	–	–
Refuse **(in excess of one removal a week for indigent households)**		–	–	–	–	–	–
Municipal Housing - rental rebates							
Housing - top structure subsidies	6						
Other							
Total revenue cost of subsidised services provided		**–**	**–**	**–**	**10 379**	**11 001**	**11 661**

Part 2 – Supporting Documentation

1.8 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Executive Committee members, the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices;
- That there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.8.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August every year) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget process plan with time schedule before the 31st of August 2016. Key dates applicable to the process were:

- **November 2016** – 1st Budget work session of all councillors and senior management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2017/2018 MTREF;

- **January 2017** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines and the compilation of the 1st draft MTREF;

- **January 2017** – Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;

- **February 2017** – Multi-year budget proposals are submitted to the Executive Committee (2nd budget work session of all councillors and senior management) for endorsement;

- **28 February 2017** – Council considers the 2016/2017 Mid-year Review and Adjustments Budget;

- **31 March 2017** – Tabling in Council of the draft 2017/2018 IDP, 2017/2018 draft SDBIP and 2017/2018 draft MTREF for public consultation;

- **April 2017** – **May 2017** – Public consultation

- **13 May 2017** – Closing date for written comments;

- **26 May 2017** – Finalisation and workshop with Council of the 2017/2018 IDP and 2017/2018 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and

- **31 May 2017** – Tabling of the 2017/2018 MTREF before Council for consideration and final approval.

There were no serious deviations from the key dates set out in the Budget Time Schedule tabled in Council.

1.8.2 IDP and Service Delivery and Budget Implementation Plan

This is a newly developed IDP for Council after the municipal elections that were held in August 2016.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the newly developed IDP includes the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/2018 MTREF, based on the approved 2016/2017 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/2018 MTREF, each department / function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/2017 Departmental Service

Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.8.3 Financial Modeling and Key Planning Drivers

As part of the compilation of the 2017/2018 MTREF; extensive financial modelling were undertaken to ensure affordable tariffs and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/2018 MTREF:

- Municipality's growth;
- Policy priorities and strategic objectives;
- Asset maintenance;
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns);
- Performance trends;
- The approved 2016/2017 adjustments budget and performance against the SDBIP;
- Cash Flow Management Strategy;
- Debtor payment levels;
- Loan and investment possibilities;
- The need for tariff increases vs. The ability of the community to pay for services; and
- Improved and sustainable service delivery.

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 85 & 86 has been taken into consideration in the planning and prioritisation process.

1.8.4 Community Consultation

The draft 2017/2018 MTREF as tabled before Council on 31 March 2017; and, for community consultation was published on the municipality's website and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees was utilised to facilitate the community consultation process during April 2017 – May 2017, and it included a public workshop for all councillors, senior management, ward committee members, sector departments, organisational stakeholders and any member of the local public. The applicable dates and venue will be published in all the local newspapers.

1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this newly developed IDP was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's eleven

strategic objectives for the 2017/2018 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

Key Performance Area (KPA)		Key Performance Indicator (KPI)		Strategic Objective
KPA 1:	**Land Management**	**1.**	**Spatial Development, Town Planning and Land-use Management**	**Provide the framework and vision required for improving the quality of life of the people living in Dawid Kruiper**
				Manage the development of sustainable land use, economic, spatial and environmental planning according to predetermined acceptable levels
KPA 2:	**Service Delivery and Infrastructure Delivery**	**2.**	**Water Resources and Services;**	**Develop, manage and maintain essential bulk water infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities**
				Develop, manage and maintain necessary infrastructure and facilities required to improve the provision of water services
		3.	**Sewerage;**	**Develop, manage and maintain essential bulk sewerage infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities**
				Develop, manage and maintain necessary infrastructure and facilities required to improve the provision of sewerage services
		4.	**Human Settlement and Housing;**	**Eradicate housing backlogs in municipal area**
				Provide for sustainable human settlements (housing)
		5.	**Energy and Electricity;**	**Provide, manage and maintain essential infrastructure required to improve electricity provision**
		6.	**Roads,**	**Develop, manage and maintain necessary**

		Transport and Storm Water Drainage;	**Road, Transport and Storm water infrastructure and facilities required to improve transportation in, and aesthetic qualities of urban areas**
		7. Sanitation, Waste Management and Waste Removal	**Regulate and manage waste disposal to prevent pollution of the natural environment and natural resources**
KPA 3:	**Local Economic Development**	**8 Economic Growth and Job Creation**	**Promote the development of tourist infrastructure that will enhance tourism**
			Create an environment that promotes the development of a diversified and sustainable economy
KPA 4:	**Financial Viability**	**9 Community Development and Facilities; and 10 Administrative and Institutional Capacity**	**Provide equal access to sport, park, recreational facilities and other public amenities to all residents**
KPA 5:	**Institutional Transformation**		**Manage and maintain municipal property, plant, equipment and vehicle fleet**
			Pro-active prevention, mitigation, identification and management of environmental health, fire and disaster risks
			Provide safety to communities through law enforcement services and through legislative requirements
			Promote and improve public relations through stakeholder participation and good customer service.
KPA 6:	**Good Governance and Customer Care**		**Align institutional arrangements to provide an effective and efficient support service to deliver on organizational objectives.**
			Enable and improve financial viability and management through well-structured budget processes, financial systems and MFMA compliance
KPA 7:	**Social Services**		

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of

national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives (National KPA's):

1. Provision of quality basic services and infrastructure which includes, amongst others:
   - Provide electricity;
   - Provide water;
   - Provide sanitation;
   - Provide waste removal;
   - Provide housing;
   - Provide roads and storm water;
   - Provide public transport;
   - Provide city planning services; and
   - Maintaining the infrastructure of the municipality.

2. Economic growth and development that leads to sustainable job creation by:
   - Ensuring the is a clear structural plan for the municipality;
   - Ensuring planning processes function in accordance with set timeframes; and
   - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3. Fight poverty and build clean, healthy, safe and sustainable communities:
   - Effective implementation of the Indigent Policy;
   - Working with the provincial department of health to provide primary health care services;
   - Extending waste removal services and ensuring effective city cleansing;
   - Ensuring all waste water treatment works are operating optimally;
   - Working with strategic partners such as SAPS to address crime;

- Ensuring save working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

4.Integrated Social Services for empowered and sustainable communities:

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme.

5. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

6. Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website.

7. Ensure financial sustainability through:

- Reviewing the use of contracted services; and
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan.

8. Optimal institutional transformation to ensure capacity to achieve set objectives:

- Review of the organizational structure to optimize the use of personnel.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five national strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectorial plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the newly developed IDP, including:

- Strengthening the analysis and strategic planning processes of the municipality;
- Initiating zonally planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better co-ordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2017/2018 MTREF has therefore been directly informed by the IDP revision process and tables 29 – 31 provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 29 MBRR Table SA4 – Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Land Management	Develop, manage and maintain essential bulk sewerage infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities.						27 408	29 052	30 795
	Develop, manage and maintain essential bulk water infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities						63 045	66 976	71 143
	Develop, manage and maintain necessary infrastructure and facilities required to improve the provision of sewerage services						67	71	75
	Provide, manage and maintain essential infrastructure required to improve electricity provision						298 705	304 518	310 470
	Regulate and manage waste disposal to prevent pollution of the natural environment and natural resources						32 806	34 774	36 861
2. TO PROMOTE LOCAL ECONOMIS DEVELOPMENT	Create an environment that promotes the development of a diversified and sustainable economy						518	549	582
3. TO PROMOTE MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT	Allign institutional arrangements to provide an effective and efficient support service to deliver on organisational objectives						212	225	238
4. TO ENSURE MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	Enable and improve financial viability and management through well-structured budget processes, financial systems and MFMA Compliance						230 589	247 504	264 154
5. TO ENSURE GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Develop, manage and maintain essential bulk water infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities						1 273	1 337	1 404
	Develop, manage and maintain necessary road, transport and storm water infrastructure and facilites required to improve transportation in and aesthetic qualities of urban areas						5 090	556	590
	Manage and maintain municipal property, plant, equipment and vehicle fleet						8 746	9 271	9 827
	Pro-active prevention, mitigation, identification and management of environmental health, fire and disaster risks						39	42	44
	Promote the development of tourist infrastructure that will enhance tourism						4 572	4 846	5 137
	Provide equal access to sport, park, recreational facilities and other public amenities to all residents						8 717	9 058	8 996
	Provide safety to communities through law enforcement services and through legislative requirements						2	2	2
6. SPATIAL DEVELOPMENT FRAMEWORK	Provide the framework and vision required for improving the quality of life of the people living in //Dawid Kruiper						4 815	5 104	5 411
Allocations to other priorities			2						
Total Revenue (excluding capital transfers and contributions)			1	–	–	–	686 604	713 886	745 730

Table 30 MBRR Table SA5 – Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective R thousand	Goal	Goal Code	Ref	Current Year 2016/17 Original Budget	Current Year 2016/17 Adjusted Budget	Current Year 2016/17 Full Year Forecast	2017/18 Medium Term Revenue & Expenditure Framework Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
1. BASIC SERVICE DELIVERY	Allign institutional arrangements to provide an effective and efficient support service to deliver on organisational objectives						1 561	1 700	1 800
	Develop, manage and maintain essential bulk sewerage infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities.						22 330	23 605	24 796
	Develop, manage and maintain essential bulk water infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities						71 705	74 882	77 771
	Develop, manage and maintain necessary infrastructure and facilities required to improve the provision of sewerage services						11 211	11 670	12 044
	Develop, manage and maintain necessary infrastructure and facilities required to improve the provision of water services						3	3	3
	Provide, manage and maintain essential infrastructure required to improve electricity provision						249 792	261 882	274 026
	Regulate and manage waste disposal to prevent pollution of the natural environment and natural resources						50 324	53 946	57 057
2. TO PROMOTE LOCAL ECONOMIS DEVELOPMENT	Create an environment that promotes the development of a diversified and sustainable economy						1 224	1 316	1 391
	Promote the development of tourist infrastructure that will enhance tourism						2 248	2 429	2 571
3. TO PROMOTE MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT	Allign institutional arrangements to provide an effective and efficient support service to deliver on organisational objectives						5 830	6 341	6 701
	Facilitate the establishment of good governance practices						1 635	1 772	1 877

Table 30 MBRR Table SA5 – Reconciliation between the IDP strategic objectives and budgeted operating expenditure (continue)

Strategic Objective	Goal	Goal Code	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
4. TO ENSURE MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	Enable and improve financial viability and management through well-structured budget processes, financial systems and MFMA Compliance						39 198	42 096	44 419
5. TO ENSURE GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Allign institutional arrangements to provide an effective and efficient support service to deliver on organisational objectives						35 476	37 977	40 114
	Develop, manage and maintain essential bulk water infrastructure and facilities to accommodate the aspirations, needs and pressures of present and future industries, businesses and dependent communities						7 798	8 347	8 754
	Develop, manage and maintain necessary road, transport and storm water infrastructure and facilites required to improve transportation in and aesthetic qualities of urban areas						48 923	45 580	46 620
	Facilitate the establishment of good governance practices						26 535	28 378	29 859
	Manage and maintain municipal property, plant, equipment and vehicle fleet						14 830	15 349	15 464
	Pro-active prevention, mitigation, identification and management of environmental health, fire and disaster risks						14 520	15 675	16 581
	Promote and improve public relations through stakeholder participation and good customer service						6 395	6 842	7 214
	Promote the development of tourist infrastructure that will enhance tourism						9 183	9 922	10 505
	Provide equal access to sport, park, recreational facilities and other public amenities to all residents						45 423	48 530	50 543
	Provide for sustainable human settlements (housing)						2 602	2 824	2 994
	Provide safety to communities through law enforcement services and through legislative requirements						17 025	18 449	19 543
	Regulate and manage waste disposal to prevent pollution of the natural environment and natural resources						1 139	1 203	1 257
6. SPATIAL DEVELOPMENT FRAMEWORK	Provide the framework and vision required for improving the quality of life of the people living in //Khara Hais						8 271	9 909	10 458
Allocations to other priorities									
Total Expenditure			1	–	–	–	**695 180**	**730 626**	**764 361**

Table 31 MBRR Table SA6 – Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective R thousand	Goal	Goal Code	Ref	Current Year 2016/17 Original Budget	Current Year 2016/17 Adjusted Budget	Current Year 2016/17 Full Year Forecast	2017/18 Medium Term Revenue & Expenditure Framework Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
1. BASIC SERVICE DELIVERY	Effective Electrical Services	A					5 315	4 360	7 851
	Effective Water Distribution	B					2 500	–	–
	Effective Water Production	C					8 540	–	–
2. TO PROMOTE LOCAL ECONOMIS DEVELOPMENT	Effective Town Planning Services	D					44	–	–
5. TO ENSURE GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Effective Civil Services	E					7 159	–	–
	Effective Council	F					14	–	–
	Effective Electrical Services	G					26 314	1 228	63 860
	Effective Fire Services	H					311	–	–
	Effective Fleet management	I					6 310	6 060	–
	Effective Library Services	J					626	–	–
	Effective Office of Munic Manager	K					1 510	1 590	1 685
	Effective PMU	L					21 223	22 281	23 397
	Effective Streets and Stormwater Services	M					11 680	–	–
	Effective Workshop	N					270	–	–
		O							
		P							
Allocations to other priorities			3						
Total Capital Expenditure			1	–	–	–	91 817	35 519	96 793

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

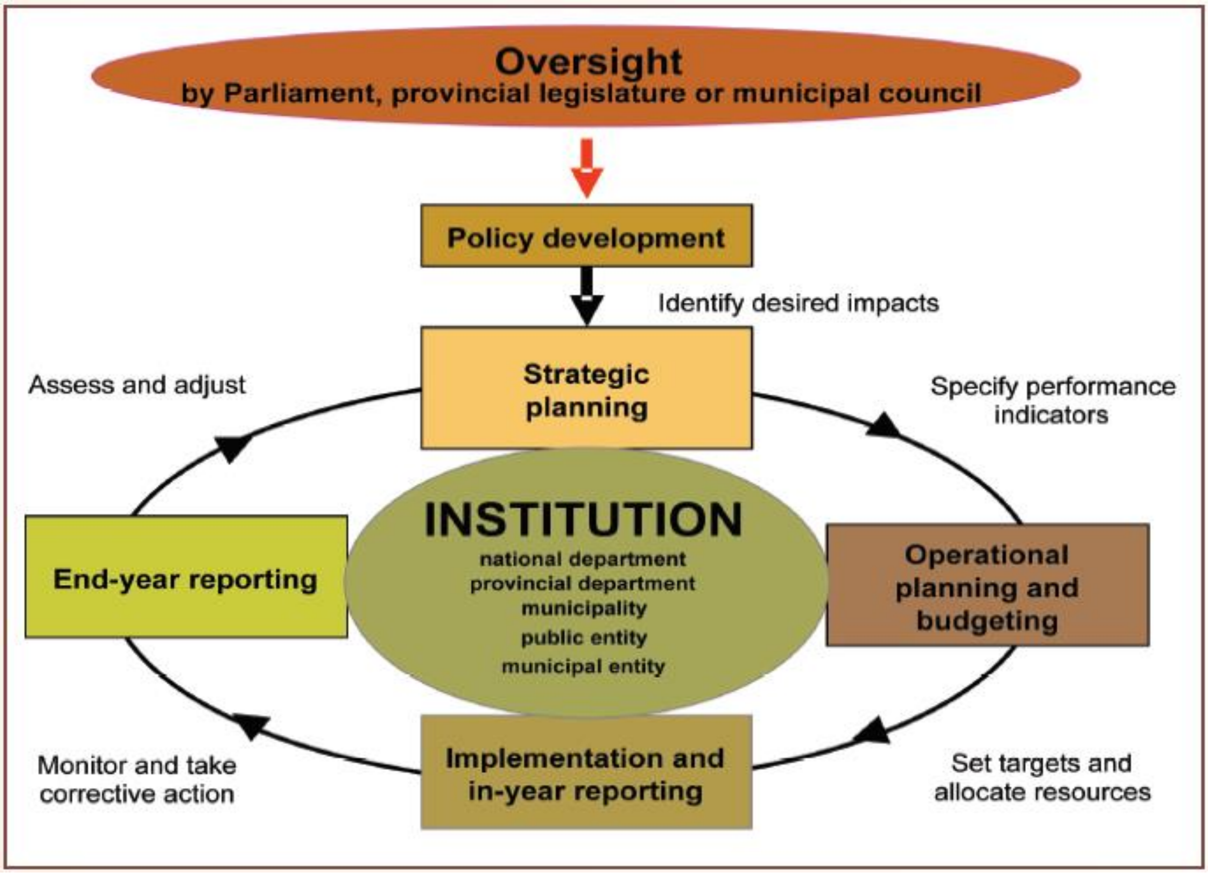


Figure 2 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

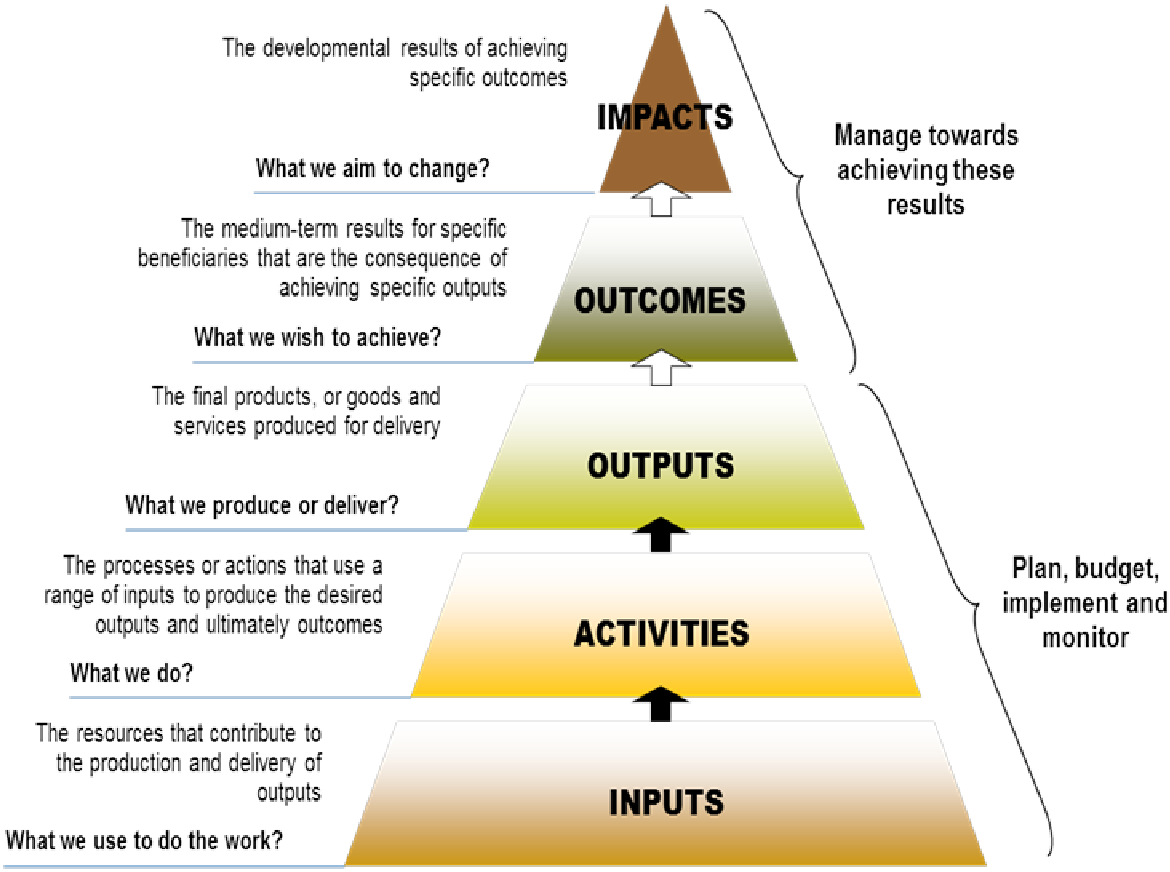


Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 32 MBRR Table SA7 – Measurable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Municipal Manager										
1001: Vegetable Project										
Percentage of operating expenditure spent	Percentage	98.0%	69.0%	95.0%	95.0%	95.0%	95%	95.0%	95.0%	95.0%
Communication Gaps and										
0017: Intergovernmental Relations										
Percentage of operating budget expenditure	Percentage	100.0%	32.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Other Focus Areas										
0002: Municipal Council										
Percentage of capital budget spent	Percentage	100.0%	78.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0011: Municipal Manager										
Measure performance of Municipal Manager as	Quarterly Report	Fully Effective	Above	Above	Fully Effective	Fully Effective	Fully Effective	Fully Effective	Fulle Effective	Fulle Effective
0013: Youth Council										
Percentage of operating budget expenditure	Percentage	100.0%	100.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0032: Internal Audit										
Monitoring of the activities in the Internal Audit	Audit Reports / AC	Audit Plan	Audit Plan	Audit Plan	Audit Plan	Audit Plan	Audit Plan	Audit Plan	Audit Plan	Audit Plan
1009: Activism Against Women &										
Percentage of operating budget revenue raised	Percentage	100.0%	100.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
1020: Youth in Human Settlements										
Percentage of operating budget revenue raised	Percentage	0.0%	100.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Corporate Services										
Other Focus Areas										
0001: Administration										
Keeping of archive and records compliant with	Narrative	File plan in lin	File plan in lin	File plan in lin	File plan in lin	File plan in lin	File plan in lin	File plan in lin	File plan in lin	File plan in lin
0004: Property Administration										
Keeping of hall rental registers	Narritive	100%	100%	100%	100%	100%	100%	100%	100%	100%
0009: Human Resources										
Reviewed and approved Employment Equity	Narritve	Plan in place	Plan in place	Plan in place	Plan	Plan	Plan	Plan	Plan	Plan
0033: Information Technology										
Maintain information technology equipment,	Quarterly Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
0039: Legal Services										
Report on legal supporting services rendered to	Monthly Report	Function not in	Function not in	9 Reports	12 Reports	12 Reports	12 Reports	12 Reports	12 Reports	
0008: Strategic Operations and Public										
Percentage of capital budget spent	Percentage	87.0%	0.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0043: Commonage										
Percentage of operating budget expenditure	Percentage	83%	88%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
1017: Commonage Fund (Emerging										
Percentage of operating budget expenditure	Percentage	100%	100%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Financial Services										
Other Focus Areaas										
0007: Directorate Financial Services										
Render monthly accounts for municipal	Number	+/- 18 000	+/- 18 500	+/- 19 000	+/- 20 000	+/- 20 000	+/- 20 000	+/- 20 500	+/- 21 000	+/- 21 000
0034: Fleet Management										
Monitoring and reporting (quarterly) on	Monthly Report	Not	Not	Not	12 Reports	12 Reports	12 Reports	12 Reports	12 Reports	12 Reports
1002: Finance Management Grant										
Building the capacity of financial or other	Number	3	3	5	5	5	5	5	5	5
1013: Municipal Systems Improvement										
Improvement of policies, procedures and	Narrative	Qualified with	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
Community Services										
Road & Transport Infrastructure										
0035: Parking Area Development										
Percentage of capital budget spent	Percentage	51.0%	0.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Sewerage & Sanitation										
0027: Refuse Removal Services										
Percentage and number of households with	Percentage	98%	98%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Lack of Sport, Park & Recreation										
0050: Parks										
Maintenance of parks as per maintenance	Quarterly Report	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
Lack of Sufficient Health Facilities and										
0003: Libraries										
Number and percentage of library material	Number	118 076	103 341	104 000	76 000	76 000	76 000	76 000	76 000	76 000
1004: Masincedane Library Project										
Percentage of capital budget spent	Percentage	79%	37%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0020: Traffic Services										
Number of fines issued and percentage	Number / Percentage	9 718 / 32%	14 489 / 35%	11 384 / 34%	14 901 / 39%	14 901 / 39%	14 901 / 39%	15 795 / 41%	16 743 / 43%	16 743 / 43%
0021: Fire Brigade Services										
Percentage of call-outs responded to within the	Percentage / Number	81% / 113	70% / 113	80%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
0023: Disaster Management										
Review Disaster Management Plan annually as	Reviewed DMP	DMP	DMP	DMP	DMP Reviewed	DMP Reviewed	DMP Reviewed	DMP Reviewed	DMP Reviewed	DMP
0025: Environmental Health Services										
As per national legislation scope of practise	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
0029: Primary Health Care Services										
Percentage of capital budget spent	Percentage	0%	91%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Other Focus Areas										
0024: Security Services										
Render a security service pertaining to	Monthly Report /	12 Reports /	12 Reports /	12 Reports /	12 Reports /	12 Reports /	12 Reports /	12 Reports /	12 Reports /	12 Reports /
0036: Director Development Services										
Percentage of capital budget spent	Percentage	0%	0%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Lack of Sport, Park & Recreation										
0054: Gordonia Holiday Resort										
Percentage of operating budget expenditure	Percentage	100.0%	744.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0053: Spitskop										
Percentage of operating budget revenue raised /	Percentage	105%	102%	99%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Lack of Sufficient Health Facilities and										
0049: Recreation Facilities										
Percentage of capital budget spent	Percentage	0%	121%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0052: Swimming Pools										
Maintenance of swimming pools as per	Quarterly Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
0055: Sport Grounds										
Maintenance of sport grounds as per	Quarterly Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
0056: Reitz Park										
Maintenance of Reitz Park as per maintenance	Quarterly Reports	N/A	N/A	Responsible	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
1014: Grant: Department Sport, Arts										
Percentage of operating budget revenue raised /	Quarterly Reports	100%	0%	0%	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
Lack of Sufficient Health Facilities and										
0057: Cemeteries										
Keeping of cemetery registers as per legislation	Updated Register /	100% Plots	100% Plots	100% Plots	100% Plots	100% Plots	100% Plots	100% Plots	100% Plots	100% Plots
Electro Mech Services										
Road & Transport Infrastructure										
0042: Workshop										
Service vehicles and equipment within given	Percentage	N/A	72%	90%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
0046: Transport										
Percentage of capital budget spent	Percentage	0%	86%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Electricity										
0059: Electricity Administration										
Number and percentage of households with	Number / Percentage	17 455 / 99%	17 842 / 99%	97%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%
0060: Electricity Purchases / Sales										
Percentage of operating budget expenditure	Percentage	98%	99%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0061: Electricity Maintenance										
Maintenance of street lights electricity	Quarterly Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
0062: Electricity Distribution										
Maintenance of electrical distribution networks	Quarterly Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
Civil Services										
0026: Sanitation Services										
Rendering of sanitation services as per service	Days service not	0	1	1	1	1	1	1	1	1
0028: Vacuum Tank Services										
Rendering of vacuum tank services on request	Days service not	0	1	1	1	1	1	1	1	1
0040: Civil Engineering Services										
Percentage of capital budget spent	Percentage	100%	98%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0047: Building Control Unit										
Percentage of operating budget revenue raised /	Percentage	100%	108%	99%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Road & Transport Infrastructure										
0041: Streets and Storm Water										
Construction / Resealing of streets	Kilometres	N/A	N/A	22.85 km	22.85 km	22.85 km	22.85 km	ITBC	ITBC	ITBC
0044: Main Roads										
Percentage of capital budget spent	Percentage	0%	0%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
1005: Extended Public Works										
Number of job opportunities created	Number	N/A	N/A	298	359	359	359	436	480	480
Sewerage & Sanitation										
0045: Sewerage Purification Plan										
Purify sewerage compliant with green drop	Narritvie / Percentage	N/A	N/A	50%	60.0%	60.0%	60.0%	70.0%	80.0%	80.0%
0048: Sewerage Distribution Networks										
Maintenance of distribution networks	Percentage of complaints	100%	100%	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Water										
0066: Water Production										
Purify raw water compliant with blue drop status	Narritive / Percentage	N/A	38%	50%	60.0%	60.0%	60.0%	70.0%	80.0%	80.0%
0067: Water Distribution										
Maintenance of water distribution networks	Percentage of requests	100%	100%	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1018: Water Service Projects										
Percentage of operating budget expenditure	Percentage	100%	11%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Director: Development and Planning										
0005: Museum										
Percentage of capital budget spent	Percentage	0.0%	0.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
0006: Tourism and Marketing										
Percentage of operating budget revenue	Percentage	27.0%	109.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
0019: IDP & PMS										
Compile / review IDP on an annual basis	Narritive	IDP approved	IDP approved	IDP approved	IDP approved	IDP approved	IDP approved	IDP approved	IDP approved	IDP approved
Housing / Town Planning and Land Use										
0018: Housing and Development										
Identify and manage the development of housing	Number	8 823	8 600	7 890	6 890	6 890	6 890	5 690	4 890	4 890
1010: Housing Accreditation										
Percentage of capital budget spent	Percentage	100%	0%	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
1016: Construction of Toilets										
Percentage of operating budget expenditure	Percentage	88%	0%	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0030: Town Planning and Building										
Town Planning applications processed within	Percentage	100%	100%	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Poverty & Unemployment										
0031: Local Economic Development										
To create conductive environment for growth in the local economy	Number of jobs	1 584	534	365	450	450	450	550	600	600
Housing/Town Planning and Land Use										
0010: Upington Housing Rentals										
Percentage of operating budget expenditure	Percentage	100.0%	100.0%	95.0%	95.0%	95.0%	95%	95.0%	95.0%	95.0%
1015: Housing Projects										
Build BNG houses	Number	0	81	0	0	0	0	0	0	0
Construction of 150 Rental Units	Number	0	0	81	0	0	0	0	0	0

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/2018 MTREF.

Table 33 MBRR Table SA8 – Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Borrowing Management								
Credit Rating								
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	3.2%	3.0%	2.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	4.1%	3.8%	3.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital								
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity								
Current Ratio	Current assets/current liabilities	–	–	–	0.7	0.7	1.1	1.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	–	–	0.7	0.7	1.1	1.0
Liquidity Ratio	Monetary Assets/Current Liabilities	–	–	–	0.1	0.1	0.2	0.2
Revenue Management								
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0.0%	0.0%	0.0%	0.0%	0.0%	99.3%	95.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	99.3%	95.0%	99.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	9.9%	12.6%	12.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old							
Creditors Management								
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))							
Creditors to Cash and Investments		0.0%	0.0%	0.0%	0.0%	594.8%	352.1%	406.4%
Other Indicators								
Electricity Distribution Losses (2)	Total Volume Losses (kW)							
	Total Cost of Losses (Rand '000)							
	% Volume (units purchased and generated less units sold)/units purchased and generated							
Water Distribution Losses (2)	Total Volume Losses (kℓ)							
	Total Cost of Losses (Rand '000)							
	% Volume (units purchased and generated less units sold)/units purchased and generated							
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	39.4%	41.2%	41.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%		41.2%	43.0%	43.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%		2.9%	2.9%	2.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	16.5%	15.9%	15.3%
IDP regulation financial viability indicators								
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	–	–	36.8	37.9	39.3
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	0.0%	12.1%	15.6%	14.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	–	–	–	0.3	0.3	0.3

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Dawid Kruiper Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2017/2018 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased. This increase can be attributed to the raising of loans to fund portions of the capital programme. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the municipality has reached its prudential borrowing limits. As the municipality has reached it borrowing limits, no external loans will be raised from 2017/2018 – 2019/2020.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

The municipality's debt profile provides some interesting insights on the municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the municipality's debt service profile, which predicts large debt service costs between 2013 and 2017. Debt service costs are expected to peak in 2017 due to the redemption of the last few term loans held by the municipality.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2017/2018 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Safety of Capital

The gearing ratio is a measure of the total long term borrowings over funds and reserves. In 2008/2009 the gearing ratio peaked at 54.1%. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. The reason for this was that all cash-backed reserves for funding capital expenditure were depleted. It stays at 0% until 2019/2020. The medium term strategy is to steadily increase the gearing ratio to a level that does not exceed 50% as a prudential limit, hence, the municipality will have to find ways and means to get rid of unfunded mandates and to service land for resale purposes to build up cash back reserves for capital expenditure again. Also should investment in basic services infrastructure in formal and informal areas for breaking new ground housing purposes with the municipality's own reserves be recouped from national and provincial housing funding programmes. The municipality cannot carry on borrowing funds from external sources.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1:1. For the MTREF the current ratio is 0.3 in the 2017/2018 financial year and 0.3 and 0.3 for the two outer years of the MTREF. Going forward it will be necessary to improve these levels to the benchmark limit.

- *The liquidity ratio* is a measure of the ability of the municipality to utilise cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1.

Anything below 1 indicates a shortage in cash to meet creditor obligations. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.4 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.5 Creditors Management

The municipality has striven to ensure that creditors are settled within the legislated 30 days of receiving invoices. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure that most payments comply with this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

2.3.1.6 Other Indicators

- The electricity distribution losses will stabilise at 9.9% over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.

- The water distribution losses have been significantly increased from 39.4% in 2011/2012 to 39.8% in 2014/2015. It is planned to reduce distribution losses to 27.0% by 2019/2020.

- Employee costs as a percentage of operating revenue increases and decreases depending on factors like the implementation of housing programmes over the past and future financial years. Another factor that affects this percentage the high increase in bulk purchases which directly increase revenue levels. National Treasury has indicated in MFMA Circular No 66 that there is no benchmark to be measured against due to all these factors influencing it.

- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

In terms of the municipality's indigent policy registered households are entitled to 6 kℓ "free" water, 50 kWh "free" electricity, "free" sanitation and "free" waste removal services once a week, as well as a 100% discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 45.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, and etcetera) are taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The municipality buys its raw water from Department of Water Affairs (DWA) by extracting it directly from the Orange River to purify it before distributing it to the local community.

The DWA conducts an annual performance rating of potable and waste water treatment works; presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Our purified drinking water is of exceptional quality, free of e-coli although there are some management issues that have to be attended to before the municipality can obtain Blue Drop status in 2017/2018.

None of our waste water treatment works were awarded Green Drop status in 2013/2014, indicating that these plants will require renewals / upgrading to meet the minimum Green Drop certification standards. This has been prioritised as part of the 2017/2018 – 2019/2020 medium term capital budget.

The following is briefly the main challenges facing the municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

2.4 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Customer Care, Credit Control, Debt Collection and Indigent Support Policy was approved by Council and reviewed in 2016/2017.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2017/2018 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 98% on current billings. The first nine months of the 2016/2017 financial year yielded a collection rate of 98% due to government departments honouring their commitments. The municipality expects government departments to honour their past and future commitments during 2017/2018 to avoid their services being discontinued. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the municipality's payment incentive scheme through its Writing-Off of Irrecoverable Debt Policy seems to be working and it is taking the customers out of their spiral debt.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme, where possible, was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets). This policy will not be amended.

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the City continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy, to allow for legislation changes, was reviewed and adopted by Council in May 2013 and revised in 2015. The policy was be revised and tabled to Council during May 2016.

2.4.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations.

2.4.6 Cash Management and Investment Policy

The municipality's Cash Management and Investment Policy were amended by Council in May 2011. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks. The Cash Management and Virement Policy was reviewed and approved by Council in May 2013. The policy was revised and tabled to Council during May 2017.

2.4.7 Tariff Policies

The municipality's Tariff Policy provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The Tariff Policy, as approved by Council in May 2016, has been reviewed and changes to the policy will be approved on the 31st of May 2017.

2.4.8 Property Rates Policy

The municipality's Property Rates Policy provides a broad framework within which the Council can determine property rates levies. The Tariff Policy as approved by Council in May 2015 has been reviewed. Changes to the policy will be approved on the 31st of May 2017.

2.4.9 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy (Financial Plan included as Annexure A to the IDP) has directly informed the compilation of the 2017/2018 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November as part of the IDP and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of

the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2016/2017 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

2.5 Overview of budget assumptions

2.5.1 External factors

The *Budget Review 2015* notes that the South African economy has demonstrated resilience despite unsettles international economic conditions. Global developments are likely to hold back higher growth over the short-term, resulting in gross domestic product (GDP) growth being expected to slow from 2.2% in 2014 to 1.4% in 2015. However, the domestic outlook remains positive over the medium term. As the world economy remains weak, GDP growth will decelerate to 0.8% in 2016.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/2018 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 40.0% of total operating expenditure, excluding non-cash items, in the 2017/2018 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.5.3 Credit rating outlook

Table 34 Credit rating outlook

Security class	Currency	Rating	Annual rating 2016/2017	Previous Rating
Short term	Rand	N/A	N/A	N/A
Long-term	Rand	N/A	N/A	N/A
Outlook	Rand	N/A	N/A	N/A

The municipality has not been rated by a rating agency.

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality engages in a number of financing

arrangements to minimise its interest rate costs and risk. However, for simplicity the 2017/2018 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2017/2018 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long-term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (99%) of annual billings. Cash flow is assumed to be 98% of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.7 Salary increases

The percentage increase for regarding salaries / wages for the 2017/2018 are 6% as per the collective agreement. Over the MTREF the municipality has provided for a cost-of-living increase of 6.0% (2017/2018), 6.0% (2019/2020) and 6.0% (2019/2020). However the 6.0% does not include notch increases and additional appointments.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDP's, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives. Unfortunately, some of these services come at a cost for the municipality since not all activities is 100% funded through funds that follow functions (unfunded mandates).

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95% is achieved on operating expenditure and 95% on the capital programme for the 2017/2018 MTREF of which performance has been factored into the cash flow budget. The municipality expects to recover 98% of its budgeted revenue.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 35 Breakdown of the operating revenue over the medium-term

Description	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Revenue By Source								
Property rates	78 693	13.1%	84 201	14.6%	90 095	15.3%	96 402	15.2%
Service Charges	363 653	60.6%	368 044	63.9%	395 777	67.2%	425 598	67.1%
Rental of facilities and equipment	7 467	1.2%	8 538	1.5%	9 050	1.5%	9 594	1.5%
Interest earned - external investments	580	0.1%	600	0.1%	636	0.1%	674	0.1%
Transfers recognised - operational	68 135	11.4%	73 477	12.8%	67 050	11.4%	73 451	11.6%
Other Own Revenue	81 647	13.6%		0.0%		0.0%		0.0%
Total Revenue (excluding capital transfers and contributions)	600 174	100%	575 755	100%	589 189	100%	633 894	100%
Total Expenditure	607 850		612 513		641 338		677 091	677 091
Surplus/(Deficit)	(7 676)		(36 758)		(52 149)		(43 196)	(43 196)

The following graph is a breakdown of the operational revenue per main category for the 2017/2018 financial year.

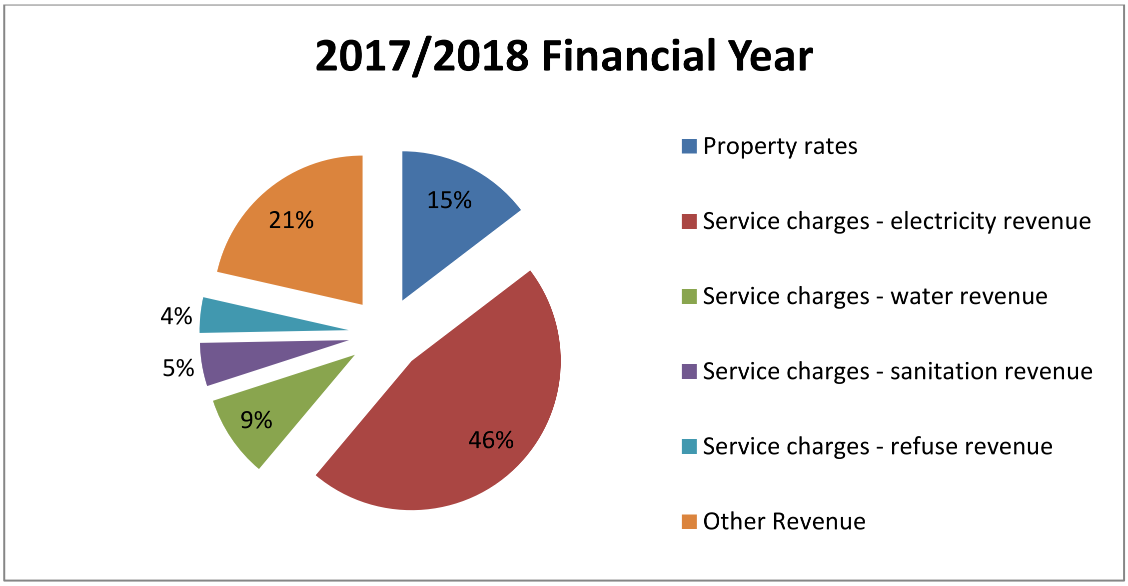


Figure 4 Breakdown of operating revenue over the 2017/2018 MTREF

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus (excluding non-cash items) of R 82.7 million (2017/2018) and R 70.6 and R76.8 in the two

outer years. This surplus is intended to fully fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.) completes the revenue base.

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 98% annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing / calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2017/2018 MTREF on the different revenue categories are:

Revenue to be generated from property rates is R 84.2 million in the 2017/2018 financial year and increases to R 96.4 million by 2019/2020 which represents 13.7% of the operating revenue base of the municipality. It remains relatively constant over the

medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The municipality is in a process of further data verification and validation relating to the valuation roll. The new valuation roll was implemented from 1 July 2014 and is valid for 4 years. The valuation is supplemented every year as supplementary valuations are performed. As the levying of property rates is considered strategic revenue source a further supplementary valuation process will be undertaken as necessary during the financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R 368.0 million for the 2017/2018 financial year and increasing to R 425.6 million by 2019/2020. For the 2017/2018 financial year services charges amount to 63.9% of the total revenue base and grows to 67.1% by 2019/2020. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. Operating grants and transfers totals R 73.4 million in the 2017/2018 financial year, R67.0 for 2017/2018 and R 74.5 million by 2019/2020. Note that the year-on-year growth for the 2017/2018 financial year is 7.8% and -8.7% and 9.5% for the outer years. The reason for this is that Dawid Kruiper Municipality and Mier Municipality are in the process of being amalgamated in August 2016. Therefore uncertainty exists regarding the grant and transfer income for both individual municipalities. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

The tables below provide detail investment information and investment particulars by maturity.

Table 37 MBRR SA15 – Detail Investment Information

Investment type	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality							
Securities - National Government							
Listed Corporate Bonds							
Deposits - Bank					–	–	–
Deposits - Public Investment Commissioners							
Deposits - Corporation for Public Deposits							
Bankers Acceptance Certificates							
Negotiable Certificates of Deposit - Banks							
Guaranteed Endowment Policies (sinking)							
Repurchase Agreements - Banks							
Municipal Bonds							
Municipality sub-total	1	–	–	–	–	–	–
Entities							
Securities - National Government							
Listed Corporate Bonds							
Deposits - Bank							
Deposits - Public Investment Commissioners							
Deposits - Corporation for Public Deposits							
Bankers Acceptance Certificates							
Negotiable Certificates of Deposit - Banks							
Guaranteed Endowment Policies (sinking)							
Repurchase Agreements - Banks							
Entities sub-total		–	–	–	–	–	–
Consolidated total:		–	–	–	–	–	–

Table 38 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ³	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
Deposit Bank - Base on quotations received		Months	Depositor Plus	No	Variable	sed on quotations recei	N/A	N/A	Monthly					–
														–
														–
														–
														–
														–
														–
Municipality sub-total										–		–	–	–
Entities														
														–
														–
														–
														–
														–
														–
														–
Entities sub-total										–		–	–	–
TOTAL INVESTMENTS AND INTEREST	1									–		–	–	–

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/2018 to 2019/2020 medium-term capital programme:

Table 39 Sources of capital revenue over the MTREF

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funded by:											
National Government									47 654	27 518	76 862
Provincial Government									626		
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	–	–	–	–	–	–	–	48 280	27 518	76 862
Public contributions & donations	5										
Borrowing	6										
Internally generated funds									43 537	8 001	19 931
Total Capital Funding	7	–	–	–	–	–	–	–	91 817	35 519	96 793

Capital grants and receipts equates to 46% of the total funding source which represents R 31.8 million for the 2017/2018 financial year and decreases to R 30.6 million (77.2%) for 2017/2018 before decreasing to R23.2 million or 72.4% by 2019/2020.

Own funding still remains a significant funding source for the capital programme over the medium-term with an estimated R 37.9 million, R 9.0 million and R 8.8 million to be raised for each of the respective financial years..

As explained earlier, the borrowing capacity of the municipality has essentially reached its limits and therefore no borrowing is being budgeted for from 2017/2018 – 2019/2020

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Table 40 is graphically represented as follows for the 2017/2018 financial year.

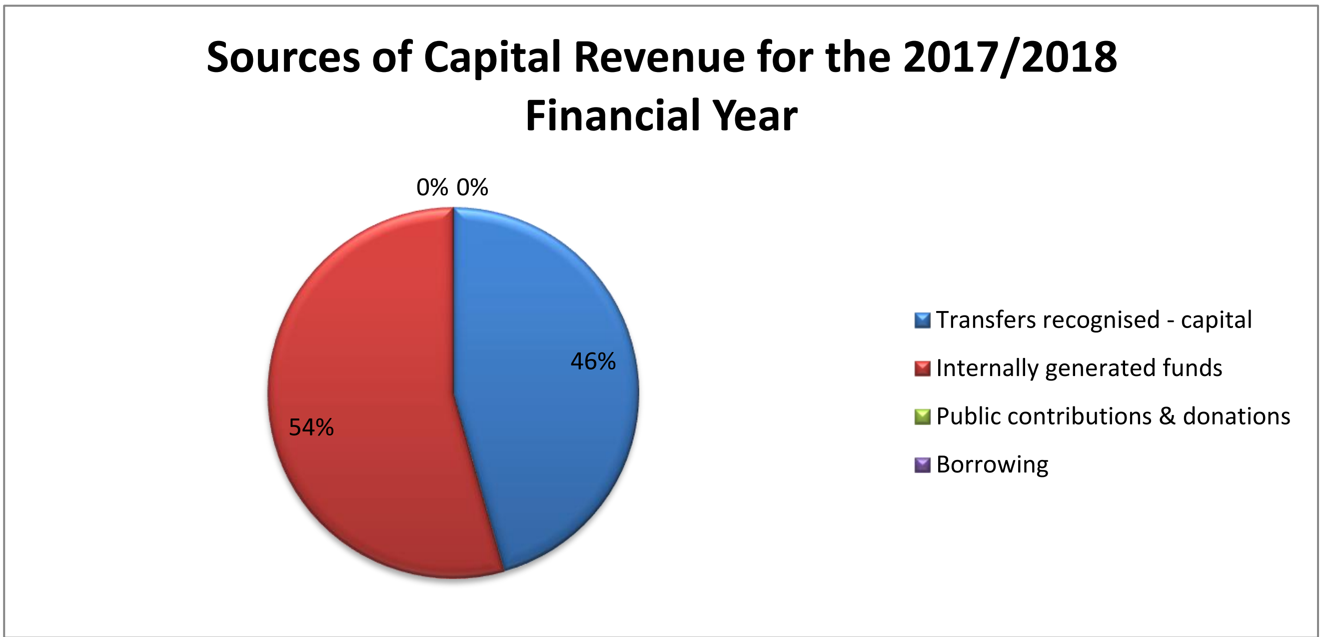


Figure 5 Sources of capital revenue for the 2017/2018 financial year

The following table is a detailed analysis of the municipality's borrowing liability.

Table 40 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality										
Annuity and Bullet Loans								94 995	85 081	76 820
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	–	–	–	–	–	–	**94 995**	**85 081**	**76 820**

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below.

Table 41 below provides more detail of the capital transfers and grant receipts.

Table 41 MBRR Table SA 18 - Capital transfers and grants receipts

Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2						
Operating Transfers and Grants							
National Government:		–	–	–	80 679	83 745	90 573
Local Government Equitable Share					70 769	78 081	84 564
Finance Management					4 045	4 301	4 561
Municipal Systems Improvement					–	–	–
Energy Efficiency and Demand Management					26	26	44
Municipal Infrastructure Grant (MIG)					1 273	1 337	1 404
Amalgamation Grant					4 565	–	–
Provincial Government:		–	–	–	3 030	3 030	2 606
Sport and Recreation					3 030	3 030	2 606
Amalgamation Grant							
District Municipality:		–	–	–	–	–	–
[insert description]							
Other grant providers:		–	–	–	6 675	7 076	7 500
VAT on Grants					6 675	7 076	7 500
Total Operating Transfers and Grants	5	–	–	–	90 384	93 851	100 679
Capital Transfers and Grants							
National Government:		–	–	–	47 654	27 518	76 862
Municipal Infrastructure Grant (MIG)					21 223	22 281	23 397
Integrated National Electrification Programme					14 912	877	45 614
EPWP Incentive					1 018	–	–
Water System Infrastructure Grant					6 140	–	–
Electricity Demand Side Management					4 360	4 360	7 851
Provincial Government:		–	–	–	626	–	–
Macincedane					626	–	–
District Municipality:		–	–	–	–	–	–
[insert description]							
Other grant providers:		–	–	–	–	–	–
VAT on Grants							
Total Capital Transfers and Grants	5	–	–	–	48 280	27 518	76 862
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	–	–	138 664	121 369	177 541

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;

- Clear separation of capital and operating receipts from government, which also enables cash from 'ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue; and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 42 MBRR Table A7 - Budget cash flow statement

Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates						86 271	69 060	96 223
Service charges						416 971	430 031	443 646
Other revenue						21 824	23 133	24 521
Government - operating	1					90 384	93 851	100 679
Government - capital	1					–	–	–
Interest						5 300	5 618	5 955
Dividends						–	–	–
Payments								
Suppliers and employees						(562 665)	(622 795)	(615 661)
Finance charges						(12 481)	(12 497)	(12 513)
Transfers and Grants	1					(210)	(223)	(236)
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	–	–	–	**45 394**	**(13 822)**	**42 615**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE						57 078	60 502	64 133
Decrease (Increase) in non-current debtors						–	–	–
Decrease (increase) other non-current receivables						5	5	–
Decrease (increase) in non-current investments						–	–	–
Payments								
Capital assets						(91 817)	(35 519)	(96 793)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	–	–	–	**(34 734)**	**24 989**	**(32 660)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans						–	–	–
Borrowing long term/refinancing						–	–	–
Increase (decrease) in consumer deposits						–	–	–
Payments								
Repayment of borrowing						(9 660)	(9 167)	(8 955)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	**(9 660)**	**(9 167)**	**(8 955)**
NET INCREASE/ (DECREASE) IN CASH HELD		–	–	–	–	**1 000**	**2 000**	**1 000**
Cash/cash equivalents at the year begin:	2					**12 821**	**13 821**	**15 821**
Cash/cash equivalents at the year end:	2	–	–	–	–	**13 821**	**15 821**	**16 821**

Kgothatso Matlala:
is this the movement dividends received less dividends paid for consolidation purposes

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular No 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was / is available. A shortfall (cash-backed commitments > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available								
Cash/cash equivalents at the year end	1	–	–	–	–	13 821	15 821	16 821
Other current investments > 90 days		–	–	–	–	0	0	0
Non current assets - Investments	1	–	–	–	–	–	–	–
Cash and investments available:		**–**	**–**	**–**	**–**	**13 821**	**15 821**	**16 821**
Application of cash and investments								
Unspent conditional transfers		–	–	–	–	–	–	–
Unspent borrowing		–	–	–		–	–	–
Statutory requirements	2					8 500	8 500	8 500
Other working capital requirements	3	–	–	–	–	5 107	(38 306)	(27 875)
Other provisions						–	–	–
Long term investments committed	4	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5					–	–	–
Total Application of cash and investments:		**–**	**–**	**–**	**–**	**13 607**	**(29 806)**	**(19 375)**
Surplus(shortfall)		**–**	**–**	**–**	**–**	**214**	**45 627**	**36 196**

The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2011/2012 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. The municipality has received the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects. For the 2016/2017 financial year provision has been made for this liability.

- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.

- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the municipality in the past resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.

- Other provisions (i.e. employee benefits) have been provided for in the operating budget but have not been provided for in Table 43.

- The municipality has no long term investments that consist primarily of the sinking funds for the repayment of future borrowings.

- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds as well as unspent conditional grants are not fully cash-backed. Government's outstanding debt, unfunded housing projects and unfunded mandates for the past three years are increasing on a year-to-year basis. The level of cash-backing is directly informed by the municipality's cash backing policy. Dawid Kruiper Municipality has requested in writing support from National Treasury regarding the unfunded mandates which can no longer be afforded and funded by our consumers. Mr. J Hattingh wrote a letter to Provincial Treasury requesting them to assist us in order to address these issues, but no assistance or correspondence was received. The municipal manager has requested that the clinic should be taken over by Provincial Treasury. This was done during October 2014. Two of the employees are still paid by us and a monthly invoice is being sent to Department of Health. Dawid Kruiper is also performing the Fire Brigade Services and Environmental Health Services, but the grant is being paid to ZFM.

However, from a practical perspective it would not be possible to eradicate this deficit in one financial year hence the phased approach over the MTREF. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the

municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 44 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	–	–	–	–	–	–	–	13 821	15 821	16 821
Cash + investments at the yr end less applications - R'000	18(1)b	2	–	–	–	–	–	–	(69 598)	214	45 627	36 196
Cash year end/monthly employee/supplier payments	18(1)b	3	–	–	–	–	–	–	–	0.3	0.3	0.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	–	–	–	–	–	–	–	(8 576)	(16 740)	(18 631)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(2.4%)	(2.3%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	97.7%	93.6%	97.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								102.7%	122.8%	89.6%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	33.2%	(1.2%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	1.1%	1.2%	1.2%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	32.0%	35.8%	0.0%

2.6.5.2 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2017/2018 MTREF shows R11.1 million, R 27.2 million and R 57.8 million for each respective financial year.

2.6.5.3 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves / surpluses are contained in Table 25, on page 41. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.4 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As part of the 2017/2018 MTREF the municipalities improving cash position causes the ratio to move upwards to 0.2 and then stabilize on 0.2 by 2019/2020. As indicated above the municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.5 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus / deficit are achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. Dawid Kruiper Municipality did not use the depreciation method, but the revaluation method with the higher Depreciated Replacement Cost values. Therefore the "offsetting" amount cannot be deducted in terms of GRAP 17 and a surplus will not be reflected in this statement. Dawid

Kruiper Municipality has reported this issue several times with both the Auditor General and National Treasury. We are still awaiting response.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.6 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etcetera.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 5.8% to 6.6%). The result is intended to be an approximation of the real increase in revenue. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 7%, with the increase in electricity at 7.64% on average it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.5.7 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyses the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 99.0% for each of the respective financial years. Given that the assumed collection rate was based on a 98% performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach,

also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will have to be amended accordingly.

2.6.5.8 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 0.5% over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.9 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 0% timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days and have not defaulted over the last five years.

2.6.5.10 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. Further details relating to the borrowing strategy of the municipality can be found on page 81.

2.6.5.11 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100% could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

2.6.5.12 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are two measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show an increase settling debtor's accounts not being settled within 45 days.

2.6.5.13 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and / or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 MBRR SA34c on page 107.

2.6.5.14 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal / rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A

declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 106.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:	1						
Operating expenditure of Transfers and Grants							
National Government:		–	–	–	80 679	83 745	90 573
Local Government Equitable Share					70 769	78 081	84 564
Finance Management					4 045	4 301	4 561
Municipal Systems Improvement					–	–	–
Energy Efficiency and Demand Management					26	26	44
Municipal Infrastructure Grant (MIG)					1 273	1 337	1 404
Amalgamation Grant					4 565	–	–
Provincial Government:		–	–	–	3 030	3 030	2 606
Sport and Recreation					3 030	3 030	2 606
Amalgamation Grant							
District Municipality:		–	–	–	–	–	–
[insert description]							
Other grant providers:		–	–	–	6 675	7 076	7 500
VAT on Grants					6 675	7 076	7 500
Total operating expenditure of Transfers and Grants		–	–	–	90 384	93 851	100 679
Capital expenditure of Transfers and Grants							
National Government:		–	–	–	47 654	27 518	76 862
Municipal Infrastructure Grant (MIG)					21 223	22 281	23 397
Integrated National Electrification Programme					14 912	877	45 614
EPWP Incentive					1 018	–	–
Water System Infrastructure Grant					6 140	–	–
Electricity Demand Side Management					4 360	4 360	7 851
Provincial Government:		–	–	–	626	–	–
Macincedane					626	–	–
District Municipality:		–	–	–	–	–	–
[insert description]							
Other grant providers:		–	–	–	–	–	–
VAT on Grants					–		
Total capital expenditure of Transfers and Grants		–	–	–	48 280	27 518	76 862
TOTAL EXPENDITURE OF TRANSFERS AND GRANT		–	–	–	138 664	121 369	177 541

Table 46 MBRR SA20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Operating transfers and grants:	1,3						
National Government:							
Balance unspent at beginning of the year							
Current year receipts					80 679	83 745	90 573
Conditions met - transferred to revenue		–	–	–	80 679	83 745	90 573
Conditions still to be met - transferred to liabilities							
Provincial Government:							
Balance unspent at beginning of the year							
Current year receipts					3 030	3 030	2 606
Conditions met - transferred to revenue		–	–	–	3 030	3 030	2 606
Conditions still to be met - transferred to liabilities							
District Municipality:							
Balance unspent at beginning of the year							
Current year receipts					–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–
Conditions still to be met - transferred to liabilities							
Other grant providers:							
Balance unspent at beginning of the year							
Current year receipts					6 675	7 076	7 500
Conditions met - transferred to revenue		–	–	–	6 675	7 076	7 500
Conditions still to be met - transferred to liabilities							
Total operating transfers and grants revenue		–	–	–	90 384	93 851	100 679
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–
Capital transfers and grants:	1,3						
National Government:							
Balance unspent at beginning of the year							
Current year receipts					47 654	27 518	76 862
Conditions met - transferred to revenue		–	–	–	47 654	27 518	76 862
Conditions still to be met - transferred to liabilities							
Provincial Government:							
Balance unspent at beginning of the year							
Current year receipts					626	–	–
Conditions met - transferred to revenue		–	–	–	626	–	–
Conditions still to be met - transferred to liabilities							
District Municipality:							
Balance unspent at beginning of the year							
Current year receipts							
Conditions met - transferred to revenue		–	–	–	–	–	–
Conditions still to be met - transferred to liabilities							
Other grant providers:							
Balance unspent at beginning of the year							
Current year receipts							
Conditions met - transferred to revenue		–	–	–	–	–	–
Conditions still to be met - transferred to liabilities							
Total capital transfers and grants revenue		–	–	–	48 280	27 518	76 862
Total capital transfers and grants - CTBM	2	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		–	–	–	138 664	121 369	177 541
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	–	–	–

2.8 Councillors and employee benefits

Table 47 MBRR SA22 - Summary of councillors and staff benefits

Summary of Employee and Councillor remuneration	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	1	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)							
Basic Salaries and Wages					10 719	11 362	12 043
Pension and UIF Contributions					699	742	787
Medical Aid Contributions							
Motor Vehicle Allowance							
Cellphone Allowance							
Housing Allowances							
Other benefits and allowances							
Sub Total - Councillors		–	–	–	**11 418**	**12 104**	**12 830**
% increase	4	–	–	–	–	**6.0%**	**6.0%**
Senior Managers of the Municipality	2						
Basic Salaries and Wages					7 274	7 711	8 173
Pension and UIF Contributions					932	988	1 048
Medical Aid Contributions					123	130	138
Overtime							
Performance Bonus					1 138	1 206	1 279
Motor Vehicle Allowance	3				1 109	1 175	1 246
Cellphone Allowance	3						
Housing Allowances	3						
Other benefits and allowances	3				46	49	52
Payments in lieu of leave							
Long service awards							
Post-retirement benefit obligations	6						
Sub Total - Senior Managers of Municipality		–	–	–	**10 623**	**11 260**	**11 935**
% increase	4	–	–	–	–	**6.0%**	**6.0%**
Other Municipal Staff							
Basic Salaries and Wages					165 449	179 727	189 909
Pension and UIF Contributions					26 732	29 073	30 817
Medical Aid Contributions					13 237	14 387	15 250
Overtime					18 893	20 530	21 762
Performance Bonus					2	32	34
Motor Vehicle Allowance	3				2 592	2 846	3 017
Cellphone Allowance	3						
Housing Allowances	3				1 727	1 877	1 989
Other benefits and allowances	3				10 661	11 585	12 280
Payments in lieu of leave							
Long service awards							
Post-retirement benefit obligations	6						
Sub Total - Other Municipal Staff		–	–	–	**239 294**	**260 057**	**275 059**
% increase	4	–	–	–	–	**8.7%**	**5.8%**
Total Parent Municipality		–	–	–	**261 334**	**283 420**	**299 824**
		–	–	–	–	**8.5%**	**5.8%**

Table 48 MBRR SA23 - Salaries, allowances and benefits (Political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4		634 173		31 371			665 544
Chief Whip								–
Executive Mayor			709 092	125 192				834 285
Deputy Executive Mayor								–
Executive Committee			1 296 649	432 216				1 728 865
Total for all other councillors			5 997 364	1 569 171	622 466			8 189 001
Total Councillors	8	–	**8 637 278**	**2 126 579**	**653 837**			**11 417 695**
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 766 164			211 940		1 978 104
Chief Finance Officer			1 286 376			154 365		1 440 741
Director: Corporate Services			1 286 376			154 365		1 440 741
Director: Development Services			1 286 376			154 365		1 440 741
Director: Electro Mechanical Services			1 286 376			154 365		
Director: Civil Engineering Services			1 286 376			154 365		
Director: Planning and Development			1 286 376			154 365		1 440 741
								–
List of each offical with packages >= senior manager								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	–	**9 484 420**	–	–	**1 138 130**		**7 741 068**
A Heading for Each Entity	6,7							
List each member of board by designation								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total for municipal entities	8,10	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	**18 121 698**	**2 126 579**	**653 837**	**1 138 130**		**19 158 763**

Table 49 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
Number	**1,2**	**Positions**	**Permanent employees**	**Contract employees**	**Positions**	**Permanent employees**	**Contract employees**	**Positions**	**Permanent employees**	**Contract employees**
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		27	–	27	27	–	27	27		27
Board Members of municipal entities	4	–	–	–	–	–	–			
Municipal employees	5									
Municipal Manager and Senior Managers	3	7	5	2	7	5	2	7	6	1
Other Managers	7	19	19	1	19	19	1	13	13	
Professionals		*39*	*38*	–	*41*	*41*	–	*41*	*41*	–
Finance		11	11	–	14	14	–	14	14	–
Spatial/town planning		2	2	–	2	2	–	2	2	–
Information Technology		–	–	–	–	–	–	–	–	–
Roads		–	–	–	–	–	–	–	–	–
Electricity		1	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Other		25	25	–	25	25	–	25	25	–
Technicians		*91*	*85*	–	*91*	*89*	–	*90*	*90*	–
Finance		–	–	–	–	–	–			–
Spatial/town planning		4	4	–	4	4	–	4	4	–
Information Technology		6	4	–	6	5	–	5	5	–
Roads		11	11	–	11	11	–	11	11	–
Electricity		11	11	–	11	11	–	11	11	–
Water		10	7	–	10	9	–	10	10	–
Sanitation		3	2	–	3	3	–	3	3	–
Refuse		3	3	–	3	3	–	3	3	–
Other		43	43	–	43	43	–	43	43	–
Clerks (Clerical and administrative)		157	157	–	166	166	–	162	162	–
Service and sales workers		120	110	–	120	115	–	120	120	–
Skilled agricultural and fishery workers		3	3	–	4	4	–	4	4	–
Craft and related trades		3	3	–	3	3	–	3	3	–
Plant and Machine Operators		74	74	–	74	74	–	52	52	–
Elementary Occupations		397	394	–	397	397	–	371	371	–
TOTAL PERSONNEL NUMBERS	9	**937**	**888**	**30**	**949**	**913**	**30**	**890**	**862**	**28**
% increase					1.3%	2.8%	–	(6.2%)	(5.6%)	(6.7%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.9 Monthly targets for revenue, expenditure and cash flow

Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source																
Property rates		7 479	7 479	7 479	7 479	7 479	7 479	7 479	7 479	7 479	7 479	7 479	7 479	89 748	95 133	100 841
Service charges - electricity revenue		24 489	24 489	24 489	24 489	24 489	24 489	24 489	24 489	24 489	24 489	24 489	24 489	293 863	299 387	305 016
Service charges - water revenue		5 247	5 247	5 247	5 247	5 247	5 247	5 247	5 247	5 247	5 247	5 247	5 247	62 966	66 892	71 054
Service charges - sanitation revenue		2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	32 297	34 235	36 289
Service charges - refuse revenue		2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	27 845	29 516	31 287
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		803	803	803	803	803	803	803	803	803	803	803	803	9 640	10 218	10 832
Interest earned - external investments		133	133	133	133	133	133	133	133	133	133	133	133	1 590	1 685	1 787
Interest earned - outstanding debtors		309	309	309	309	309	309	309	309	309	309	309	309	3 710	3 933	4 169
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		56	56	56	56	56	56	56	56	56	56	56	56	668	708	751
Licences and permits		137	137	137	137	137	137	137	137	137	137	137	137	1 644	1 743	1 847
Agency services		138	138	138	138	138	138	138	138	138	138	138	138	1 657	1 756	1 862
Transfers and subsidies		7 532	7 532	7 532	7 532	7 532	7 532	7 532	7 532	7 532	7 532	7 532	7 532	90 384	93 851	100 679
Other revenue		1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	13 514	14 325	15 184
Gains on disposal of PPE		422	422	422	422	422	422	422	422	422	422	422	422	5 064	5 368	5 690
Total Revenue (excluding capital transfers and cont		**52 883**	**52 883**	**52 883**	**52 883**	**52 883**	**52 883**	**52 883**	**52 883**	**52 883**	**52 883**	**52 883**	**52 883**	**634 590**	**658 751**	**687 287**
Expenditure By Type																
Employee related costs		20 826	20 826	20 826	20 826	20 826	20 826	20 826	20 826	20 826	20 826	20 826	20 826	249 916	271 317	286 994
Remuneration of councillors		951	951	951	951	951	951	951	951	951	951	951	951	11 418	12 104	12 830
Debt impairment		417	417	417	417	417	417	417	417	417	417	417	417	5 000	5 300	5 618
Depreciation & asset impairment		7 711	7 711	7 711	7 711	7 711	7 711	7 711	7 711	7 711	7 711	7 711	7 711	92 534	92 570	92 608
Finance charges		1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	12 481	12 497	12 513
Bulk purchases		15 748	15 748	15 748	15 748	15 748	15 748	15 748	15 748	15 748	15 748	15 748	15 748	188 976	198 425	208 346
Other materials		1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	18 388	19 308	20 273
Contracted services		1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	19 490	16 758	17 635
Transfers and subsidies		18	18	18	18	18	18	18	18	18	18	18	18	210	223	236
Other expenditure		8 064	8 064	8 064	8 064	8 064	8 064	8 064	8 064	8 064	8 064	8 064	8 064	96 767	102 127	107 308
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**695 180**	**730 626**	**764 361**
Surplus/(Deficit)		**(5 049)**	**(5 049)**	**(5 049)**	**(5 049)**	**(5 049)**	**(5 049)**	**(5 049)**	**(5 049)**	**(5 049)**	**(5 049)**	**(5 049)**	**(5 049)**	**(60 589)**	**(71 875)**	**(77 074)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		4 334	4 334	4 334	4 334	4 334	4 334	4 334	4 334	4 334	4 334	4 334	4 334	52 014	55 135	58 443
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(8 576)**	**(16 740)**	**(18 631)**
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(8 576)**	**(16 740)**	**(18 631)**

Table 51 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote																
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICES		782	782	782	782	782	782	782	782	782	782	782	782	9 379	9 942	10 538
Vote 3 - FINANCIAL SERVICES		19 596	19 596	19 596	19 596	19 596	19 596	19 596	19 596	19 596	19 596	19 596	19 596	235 154	247 504	264 154
Vote 4 - COMMUNITY SERVICES		3 073	3 073	3 073	3 073	3 073	3 073	3 073	3 073	3 073	3 073	3 073	3 073	36 875	38 905	40 634
Vote 5 - TECHNICAL DIRECTOR		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - ELECTRO MECHANICAL SERVICES		24 892	24 892	24 892	24 892	24 892	24 892	24 892	24 892	24 892	24 892	24 892	24 892	298 705	304 518	310 470
Vote 7 - CIVIL ENGINEERING SERVICES		7 978	7 978	7 978	7 978	7 978	7 978	7 978	7 978	7 978	7 978	7 978	7 978	95 734	101 627	107 873
Vote 8 - DEVELOPMENT AND PLANNING SERVICES		896	896	896	896	896	896	896	896	896	896	896	896	10 758	11 390	12 061
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**686 604**	**713 886**	**745 730**
Expenditure by Vote to be appropriated																
Vote 1 - MUNICIPAL MANAGER		3 593	3 593	3 593	3 593	3 593	3 593	3 593	3 593	3 593	3 593	3 593	3 593	43 120	45 994	48 611
Vote 2 - CORPORATE SERVICES		2 841	2 841	2 841	2 841	2 841	2 841	2 841	2 841	2 841	2 841	2 841	2 841	34 093	36 232	37 755
Vote 3 - FINANCIAL SERVICES		4 049	4 049	4 049	4 049	4 049	4 049	4 049	4 049	4 049	4 049	4 049	4 049	48 583	47 257	49 847
Vote 4 - COMMUNITY SERVICES		10 006	10 006	10 006	10 006	10 006	10 006	10 006	10 006	10 006	10 006	10 006	10 006	120 075	128 794	135 433
Vote 5 - TECHNICAL DIRECTOR		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - ELECTRO MECHANICAL SERVICES		21 065	21 065	21 065	21 065	21 065	21 065	21 065	21 065	21 065	21 065	21 065	21 065	252 775	265 001	277 017
Vote 7 - CIVIL ENGINEERING SERVICES		14 055	14 055	14 055	14 055	14 055	14 055	14 055	14 055	14 055	14 055	14 055	14 055	168 661	176 272	182 896
Vote 8 - DEVELOPMENT AND PLANNING SERVICES		2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	27 845	31 050	32 846
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Total Expenditure by Vote		**57 929**	**57 929**	**57 929**	**57 929**	**57 929**	**57 929**	**57 929**	**57 929**	**57 929**	**57 929**	**57 929**	**57 929**	**695 153**	**730 600**	**764 405**
Surplus/(Deficit) before assoc.		**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(8 549)**	**(16 714)**	**(18 675)**
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(712)**	**(8 549)**	**(16 714)**	**(18 675)**

Table 52 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional																
Governance and administration		**20 378**	**20 378**	**20 378**	**20 378**	**20 378**	**20 378**	**20 378**	**20 378**	**20 378**	**20 378**	**20 378**	**20 378**	**244 535**	**257 447**	**274 694**
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration		20 378	20 378	20 378	20 378	20 378	20 378	20 378	20 378	20 378	20 378	20 378	20 378	244 535	257 447	274 694
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		**766**	**766**	**766**	**766**	**766**	**766**	**766**	**766**	**766**	**766**	**766**	**766**	**9 192**	**9 561**	**9 529**
Community and social services		274	274	274	274	274	274	274	274	274	274	274	274	3 282	3 298	2 890
Sport and recreation		489	489	489	489	489	489	489	489	489	489	489	489	5 870	6 222	6 595
Public safety		3	3	3	3	3	3	3	3	3	3	3	3	39	42	44
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**904**	**904**	**904**	**904**	**904**	**904**	**904**	**904**	**904**	**904**	**904**	**904**	**10 847**	**11 485**	**12 161**
Planning and development		516	516	516	516	516	516	516	516	516	516	516	516	6 186	6 545	6 924
Road transport		388	388	388	388	388	388	388	388	388	388	388	388	4 661	4 941	5 237
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**35 169**	**35 169**	**35 169**	**35 169**	**35 169**	**35 169**	**35 169**	**35 169**	**35 169**	**35 169**	**35 169**	**35 169**	**422 030**	**435 392**	**449 345**
Energy sources		24 892	24 892	24 892	24 892	24 892	24 892	24 892	24 892	24 892	24 892	24 892	24 892	298 705	304 518	310 470
Water management		5 254	5 254	5 254	5 254	5 254	5 254	5 254	5 254	5 254	5 254	5 254	5 254	63 045	66 976	71 143
Waste water management		2 703	2 703	2 703	2 703	2 703	2 703	2 703	2 703	2 703	2 703	2 703	2 703	32 435	34 381	36 444
Waste management		2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	27 845	29 516	31 287
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Functional		**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**57 217**	**686 604**	**713 886**	**745 730**
Expenditure - Functional																
Governance and administration		**12 360**	**12 360**	**12 360**	**12 360**	**12 360**	**12 360**	**12 360**	**12 360**	**12 360**	**12 360**	**12 360**	**12 360**	**148 319**	**153 770**	**161 558**
Executive and council		3 429	3 429	3 429	3 429	3 429	3 429	3 429	3 429	3 429	3 429	3 429	3 429	41 143	43 799	46 287
Finance and administration		8 808	8 808	8 808	8 808	8 808	8 808	8 808	8 808	8 808	8 808	8 808	8 808	105 699	108 319	113 523
Internal audit		123	123	123	123	123	123	123	123	123	123	123	123	1 477	1 652	1 748
Community and public safety		**4 900**	**4 900**	**4 900**	**4 900**	**4 900**	**4 900**	**4 900**	**4 900**	**4 900**	**4 900**	**4 900**	**4 900**	**58 797**	**62 942**	**65 784**
Community and social services		531	531	531	531	531	531	531	531	531	531	531	531	6 370	6 605	6 363
Sport and recreation		2 903	2 903	2 903	2 903	2 903	2 903	2 903	2 903	2 903	2 903	2 903	2 903	34 840	37 365	39 362
Public safety		1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	13 846	14 945	15 808
Housing		217	217	217	217	217	217	217	217	217	217	217	217	2 602	2 824	2 994
Health		95	95	95	95	95	95	95	95	95	95	95	95	1 139	1 203	1 257
Economic and environmental services		**6 911**	**6 911**	**6 911**	**6 911**	**6 911**	**6 911**	**6 911**	**6 911**	**6 911**	**6 911**	**6 911**	**6 911**	**82 936**	**88 191**	**91 606**
Planning and development		2 042	2 042	2 042	2 042	2 042	2 042	2 042	2 042	2 042	2 042	2 042	2 042	24 508	27 400	28 891
Road transport		4 869	4 869	4 869	4 869	4 869	4 869	4 869	4 869	4 869	4 869	4 869	4 869	58 428	60 792	62 716
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**33 573**	**33 573**	**33 573**	**33 573**	**33 573**	**33 573**	**33 573**	**33 573**	**33 573**	**33 573**	**33 573**	**33 573**	**402 880**	**423 294**	**442 842**
Energy sources		20 816	20 816	20 816	20 816	20 816	20 816	20 816	20 816	20 816	20 816	20 816	20 816	249 792	261 882	274 026
Water management		5 976	5 976	5 976	5 976	5 976	5 976	5 976	5 976	5 976	5 976	5 976	5 976	71 708	74 885	77 774
Waste water management		3 689	3 689	3 689	3 689	3 689	3 689	3 689	3 689	3 689	3 689	3 689	3 689	44 266	46 846	49 096
Waste management		3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 093	37 114	39 680	41 946
Other		187	187	187	187	187	187	187	187	187	187	187	**187**	**2 248**	**2 429**	**2 571**
Total Expenditure - Functional		**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**57 932**	**695 180**	**730 626**	**764 361**
Surplus/(Deficit) before assoc.		**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(8 576)**	**(16 740)**	**(18 631)**
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(715)**	**(8 576)**	**(16 740)**	**(18 631)**

Table 53 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Multi-year expenditure to be appropriated	1															
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - TECHNICAL DIRECTOR		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - ELECTRO MECHANICAL SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - CIVIL ENGINEERING SERVICES		6 140	6 140	6 140	6 140	6 140	6 140	6 140	6 140	6 140	6 140	6 140	(61 404)	6 140	–	–
Vote 8 - DEVELOPMENT AND PLANNING SERVICES		21 223	21 223	21 223	21 223	21 223	21 223	21 223	21 223	21 223	21 223	21 223	(212 233)	21 223	22 281	23 397
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	2	**27 364**	**27 364**	**27 364**	**27 364**	**27 364**	**27 364**	**27 364**	**27 364**	**27 364**	**27 364**	**27 364**	**(273 637)**	**27 364**	**22 281**	**23 397**
Single-year expenditure to be appropriated																
Vote 1 - MUNICIPAL MANAGER		1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	(15 240)	1 524	1 590	1 685
Vote 2 - CORPORATE SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		936	936	936	936	936	936	936	936	936	936	936	(9 361)	936	–	–
Vote 5 - TECHNICAL DIRECTOR		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - ELECTRO MECHANICAL SERVICES		38 210	38 210	38 210	38 210	38 210	38 210	38 210	38 210	38 210	38 210	38 210	(382 099)	38 210	11 648	71 711
Vote 7 - CIVIL ENGINEERING SERVICES		23 739	23 739	23 739	23 739	23 739	23 739	23 739	23 739	23 739	23 739	23 739	(237 389)	23 739	–	–
Vote 8 - DEVELOPMENT AND PLANNING SERVICES		44	44	44	44	44	44	44	44	44	44	44	(440)	44	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	2	**64 453**	**64 453**	**64 453**	**64 453**	**64 453**	**64 453**	**64 453**	**64 453**	**64 453**	**64 453**	**64 453**	**(644 529)**	**64 453**	**13 238**	**73 396**
Total Capital Expenditure	2	**91 817**	**91 817**	**91 817**	**91 817**	**91 817**	**91 817**	**91 817**	**91 817**	**91 817**	**91 817**	**91 817**	**(918 165)**	**91 817**	**35 519**	**96 793**

Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
Governance and administration		127	127	127	127	127	127	127	127	127	127	127	127	1 524	1 590	1 685
Executive and council		127	127	127	127	127	127	127	127	127	127	127	127	1 524	1 590	1 685
Community and public safety		441	441	441	441	441	441	441	441	441	441	441	441	5 296	4 360	7 851
Community and social services		52	52	52	52	52	52	52	52	52	52	52	52	626	–	–
Sport and recreation		363	363	363	363	363	363	363	363	363	363	363	363	4 360	4 360	7 851
Public safety		26	26	26	26	26	26	26	26	26	26	26	26	311	–	–
Economic and environmental services		3 891	3 891	3 891	3 891	3 891	3 891	3 891	3 891	3 891	3 891	3 891	3 891	46 686	28 341	23 397
Planning and development		2 369	2 369	2 369	2 369	2 369	2 369	2 369	2 369	2 369	2 369	2 369	2 369	28 426	22 281	23 397
Road transport		1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	1 522	18 260	6 060	–
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		3 193	3 193	3 193	3 193	3 193	3 193	3 193	3 193	3 193	3 193	3 193	3 193	38 310	1 228	63 860
Energy sources		2 272	2 272	2 272	2 272	2 272	2 272	2 272	2 272	2 272	2 272	2 272	2 272	27 270	1 228	63 860
Water management		920	920	920	920	920	920	920	920	920	920	920	920	11 040	–	–
Total Capital Expenditure - Functional	2	7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	91 817	35 519	96 793
Funded by:																
National Government		3 971	3 971	3 971	3 971	3 971	3 971	3 971	3 971	3 971	3 971	3 971	3 971	47 654	27 518	76 862
Provincial Government		52	52	52	52	52	52	52	52	52	52	52	52	626	–	–
Transfers recognised - capital		4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	48 280	27 518	76 862
Public contributions & donations		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds		3 628	3 628	3 628	3 628	3 628	3 628	3 628	3 628	3 628	3 628	3 628	3 628	43 537	8 001	19 931
Total Capital Funding		7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	91 817	35 519	96 793

Table 55 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Receipts By Source															
Property rates	7 189	7 189	7 189	7 189	7 189	7 189	7 189	7 189	7 189	7 189	7 189	7 189	86 271	69 060	96 223
Service charges - electricity revenue	24 489	24 489	24 489	24 489	24 489	24 489	24 489	24 489	24 489	24 489	24 489	24 489	293 863	299 387	305 016
Service charges - water revenue	5 247	5 247	5 247	5 247	5 247	5 247	5 247	5 247	5 247	5 247	5 247	5 247	62 966	66 892	71 054
Service charges - sanitation revenue	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	32 297	34 235	36 289
Service charges - refuse revenue	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	2 320	27 845	29 516	31 287
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	803	803	803	803	803	803	803	803	803	803	803	803	9 640	10 218	10 832
Interest earned - external investments	133	133	133	133	133	133	133	133	133	133	133	133	1 590	1 685	1 787
Interest earned - outstanding debtors	309	309	309	309	309	309	309	309	309	309	309	309	3 710	3 933	4 169
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	56	56	56	56	56	56	56	56	56	56	56	56	668	708	751
Licences and permits	137	137	137	137	137	137	137	137	137	137	137	137	1 644	1 743	1 847
Agency services	138	138	138	138	138	138	138	138	138	138	138	138	1 657	1 756	1 862
Transfer receipts - operational	7 532	7 532	7 532	7 532	7 532	7 532	7 532	7 532	7 532	7 532	7 532	7 532	90 384	93 851	100 679
Other revenue	685	685	685	685	685	685	685	685	685	685	685	685	8 214	8 707	9 229
Cash Receipts by Source	**51 729**	**51 729**	**51 729**	**51 729**	**51 729**	**51 729**	**51 729**	**51 729**	**51 729**	**51 729**	**51 729**	**51 729**	**620 750**	**621 693**	**671 024**
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	20 826	20 826	20 826	20 826	20 826	20 826	20 826	20 826	20 826	20 826	20 826	(177 076)	52 014	55 135	58 443
Proceeds on disposal of PPE	951	951	951	951	951	951	951	951	951	951	951	(5 402)	5 064	5 368	5 690
Decrease (increase) other non-current receivables												5	5	5	–
Decrease (increase) in non-current investments												–	–	–	–
Total Cash Receipts by Source	**73 507**	**73 507**	**73 507**	**73 507**	**73 507**	**73 507**	**73 507**	**73 507**	**73 507**	**73 507**	**73 507**	**(130 744)**	**677 833**	**682 200**	**735 156**
Cash Payments by Type															
Employee related costs	20 826	20 826	20 826	20 826	20 826	20 826	20 826	20 826	20 826	20 826	20 826	20 826	249 916	271 317	286 994
Remuneration of councillors	951	951	951	951	951	951	951	951	951	951	951	951	11 418	12 104	12 830
Finance charges	1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	1 040	12 481	12 497	12 513
Bulk purchases - Electricity	15 048	15 048	15 048	15 048	15 048	15 048	15 048	15 048	15 048	15 048	15 048	15 048	180 576	189 605	199 085
Bulk purchases - Water & Sewer	700	700	700	700	700	700	700	700	700	700	700	700	8 400	8 820	9 261
Other materials	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	18 388	19 308	20 273
Contracted services	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	1 624	19 490	16 758	17 635
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	18	18	18	18	18	18	18	18	18	18	18	18	210	223	236
Other expenditure	6 206	6 206	6 206	6 206	6 206	6 206	6 206	6 206	6 206	6 206	6 206	6 206	74 477	104 885	69 582
Cash Payments by Type	**47 946**	**47 946**	**47 946**	**47 946**	**47 946**	**47 946**	**47 946**	**47 946**	**47 946**	**47 946**	**47 946**	**47 946**	**575 356**	**635 514**	**628 409**
Other Cash Flows/Payments by Type															
Capital assets	7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	7 651	91 817	35 519	96 793
Repayment of borrowing	805	805	805	805	805	805	805	805	805	805	805	805	9 660	9 167	8 955
Other Cash Flows/Payments												–	–	–	–
Total Cash Payments by Type	**56 403**	**56 403**	**56 403**	**56 403**	**56 403**	**56 403**	**56 403**	**56 403**	**56 403**	**56 403**	**56 403**	**56 403**	**676 833**	**680 200**	**734 156**
NET INCREASE/(DECREASE) IN CASH HELD	**17 104**	**17 104**	**17 104**	**17 104**	**17 104**	**17 104**	**17 104**	**17 104**	**17 104**	**17 104**	**17 104**	**(187 147)**	**1 000**	**2 000**	**1 000**
Cash/cash equivalents at the month/year begin:	12 821	29 926	47 030	64 134	81 238	98 343	115 447	132 551	149 655	166 760	183 864	200 968	12 821	13 821	15 821
Cash/cash equivalents at the month/year end:	29 926	47 030	64 134	81 238	98 343	115 447	132 551	149 655	166 760	183 864	200 968	13 821	13 821	15 821	16 821

2.10 Annual budgets and SDBIPs – internal departments

2.10.1 Water Services Department – Vote 5

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

**Table 56 Water Services Department –
Operating revenue by source, expenditure by type and total capital expenditure**

Description / R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source									
Service charges - water revenue	35 695	39 752	46 747	43 104	45 228	45 228	48 709	52 164	55 863
Other revenue	44	19	17	2 521	–	–	5	5	6
Total Revenue (excluding capital transfers and contributions)	35 739	39 771	46 764	45 625	45 228	45 228	48 714	52 169	55 869
Expenditure By Type									
Employee related costs	7 828	8 632	10 538	11 189	11 649	11 649	12 464	13 337	14 270
Depreciation & asset impairment	13 080	15 168	21 682	15 835	15 835	15 835	15 518	15 208	14 904
Finance charges	3 062	3 965	4 216	5 131	3 675	3 675	3 195	2 990	2 812
Bulk purchases	1 667	1 925	2 971	4 826	4 826	4 826	5 164	5 525	5 912
Contracted services	–	26	–	550	600	600	600	636	674
Other expenditure	13 294	13 294	9 248	12 725	14 373	14 373	19 009	17 500	18 550
Total Expenditure	38 931	41 775	52 237	54 158	50 959	50 959	51 990	53 648	55 481
Surplus/(Deficit)	(3 192)	(2 004)	(5 473)	(8 533)	(5 731)	(5 731)	(3 276)	(1 479)	388
Surplus/(Deficit) for the year	(3 192)	(2 004)	(5 473)	(8 533)	(5 731)	(5 731)	(3 276)	(1 479)	388

Table 57 Water Services Department – Performance objectives and indicators

Key Performance Element	Key Performance Indicator (KPI)	Annual Target	Quarter 1 - Target	Quarter 2 - Target	Quarter 3 - Target	Quarter 4 - Target
Strategic Objective: Basic Service Delivery						
Water Distribution	New meter connections - % of requests executed	100%	100%	100%	100%	100%
	Attend to leaks, bursts and queries - % of requests attended to	95%	95%	95%	95%	95%
	Prepaid Meters installed - % of requests executed	100%	100%	100%	100%	100%
	Meter replacements - % of faulty meters replaced	100%	100%	100%	100%	100%
Water Purification	Purify raw water compliant with blue drop status	95%	N/A	N/A	N/A	95%

Water services consist of 2 divisions within the sub-directorate; civil engineering services. As part of the performance objectives for the 2017/2018 financial year, the expansion of the functional water distribution unit will, in terms of the management of the pre-paid meters, require the subsequent filling of vacancies.

Significant capital projects to be undertaken over the medium term includes, amongst others:

- Installation of water meters – R 7.2 million;

The total needs are far greater than the available financial resources.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R 2.0 million, R 2.1 million and R 2.2 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water of which budget appropriation for the 2017/2018 financial year is R 51.2 million and increases to R 58.6 million by 2019/2020 and has been informed by a collection rate of 98.0% and distribution losses of over 38%. The reduction of distribution losses is considered a priority and hence the departmental objectives and targets provide for an efficiency gain per annum.

2.11 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 58 MBRR SA34a - Capital expenditure on new assets by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		–	–	–	–	–	–	**50 078**	**21 201**	**95 107**
Roads Infrastructure		–	–	–	–	–	–	650	8 362	–
Roads								650	8 362	
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	30 722	5 588	71 711
MV Networks								1 450	–	–
LV Networks								28 822	5 588	71 711
Capital Spares								450	–	–
Water Supply Infrastructure		–	–	–	–	–	–	7 659	6 009	23 397
Reservoirs								500	–	–
Water Treatment Works								4 233	–	–
Distribution								2 926	6 009	–
Capital Spares								–	–	23 397
Sanitation Infrastructure		–	–	–	–	–	–	11 047	1 242	–
Waste Water Treatment Works								11 047	1 242	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	**5 141**	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	5 141	–	–
Outdoor Facilities								5 141	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Other assets		–	–	–	–	–	–	**11**	–	–
Operational Buildings		–	–	–	–	–	–	11	–	–
Municipal Offices								11	–	–
Housing		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	157	–	–
Computer Equipment								157	–	–
Furniture and Office Equipment		–	–	–	–	–	–	2 320	1 590	1 685
Furniture and Office Equipment								2 320	1 590	1 685
Machinery and Equipment		–	–	–	–	–	–	768	–	–
Machinery and Equipment								768	–	–
Transport Assets		–	–	–	–	–	–	4 000	–	–
Transport Assets								4 000	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure on new assets	1	–	–	–	–	–	–	**62 475**	**22 791**	**96 793**

Table 59 MBRR SA34d - Supporting Table SA34d Consolidated Depreciation by asset class

Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Depreciation by Asset Class/Sub-class							
Infrastructure		–	–	–	71 979	71 979	71 979
Roads Infrastructure		–	–	–	26 180	26 180	26 180
Roads					25 859	25 859	25 859
Road Structures							
Road Furniture					320	320	320
Capital Spares							
Storm water Infrastructure		–	–	–	–	–	–
Drainage Collection							
Storm water Conveyance							
Attenuation							
Electrical Infrastructure		–	–	–	16 724	16 724	16 724
Power Plants							
HV Substations							
HV Switching Station							
HV Transmission Conductors							
MV Substations							
MV Switching Stations							
MV Networks					30	30	30
LV Networks					16 694	16 694	16 694
Capital Spares							
Water Supply Infrastructure		–	–	–	19 409	19 409	19 410
Dams and Weirs							
Boreholes							
Reservoirs							
Pump Stations							
Water Treatment Works					16 518	16 518	16 518
Bulk Mains							
Distribution					2 891	2 891	2 891
Distribution Points							
PRV Stations							
Capital Spares							
Sanitation Infrastructure		–	–	–	8 282	8 282	8 282
Pump Station							
Reticulation					4 879	4 879	4 879
Waste Water Treatment Works					3 403	3 403	3 403
Outfall Sewers							
Toilet Facilities							
Capital Spares							
Solid Waste Infrastructure		–	–	–	1 383	1 383	1 383
Landfill Sites							
Waste Transfer Stations							
Waste Processing Facilities					1 383	1 383	1 383
Waste Drop-off Points							
Waste Separation Facilities							

Table 59 MBRR SA34d - Supporting Table SA34d Consolidated Depreciation by asset class (continue)

Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Electricity Generation Facilities							
Capital Spares							
Rail Infrastructure		–	–	–	–	–	–
Rail Lines							
Rail Structures							
Rail Furniture							
Drainage Collection							
Storm water Conveyance							
Attenuation							
MV Substations							
LV Networks							
Capital Spares							
Coastal Infrastructure		–	–	–	–	–	–
Sand Pumps							
Piers							
Revetments							
Promenades							
Capital Spares							
Information and Communication Infrastructure		–	–	–	–	–	–
Data Centres							
Core Layers							
Distribution Layers							
Capital Spares							
Community Assets		**–**	**–**	**–**	**4 038**	**4 038**	**4 038**
Community Facilities		–	–	–	424	424	424
Halls							
Centres							
Crèches							
Clinics/Care Centres							
Fire/Ambulance Stations							
Testing Stations							
Museums							
Galleries							
Theatres							
Libraries							
Cemeteries/Crematoria					424	424	424
Police							
Purls							
Public Open Space							
Nature Reserves							
Public Ablution Facilities							
Markets							
Stalls							
Abattoirs							
Airports							

Table 59 MBRR SA34d - Supporting Table SA34d Consolidated Depreciation by asset class (continue)

Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Electricity Generation Facilities							
Taxi Ranks/Bus Terminals							
Capital Spares							
Sport and Recreation Facilities		–	–	–	3 614	3 614	3 614
Indoor Facilities							
Outdoor Facilities					3 614	3 614	3 614
Capital Spares							
Heritage assets		–	–	–	–	–	–
Monuments							
Historic Buildings							
Works of Art							
Conservation Areas							
Other Heritage							
Investment properties		–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–
Improved Property							
Unimproved Property							
Non-revenue Generating		–	–	–	–	–	–
Improved Property							
Unimproved Property							
Other assets		–	–	–	**6 094**	**6 094**	**6 094**
Operational Buildings		–	–	–	6 094	6 094	6 094
Municipal Offices					6 094	6 094	6 094
Pay/Enquiry Points							
Building Plan Offices							
Workshops							
Yards							
Stores							
Laboratories							
Training Centres							
Manufacturing Plant							
Depots							
Capital Spares							
Housing		–	–	–	–	–	–
Staff Housing							
Social Housing							
Capital Spares							
Biological or Cultivated Assets		–	–	–	–	–	–
Biological or Cultivated Assets							
Intangible Assets		–	–	–	–	–	–
Servitudes							
Licences and Rights		–	–	–	–	–	–
Water Rights							

Table 59 MBRR SA34d - Supporting Table SA34d Consolidated Depreciation by asset class (continue)

Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Effluent Licenses							
Solid Waste Licenses							
Computer Software and Applications							
Load Settlement Software Applications							
Unspecified							
Computer Equipment		–	–	–	363	363	363
Computer Equipment					363	363	363
Furniture and Office Equipment		–	–	–	6 627	6 663	6 701
Furniture and Office Equipment					6 627	6 663	6 701
Machinery and Equipment		–	–	–	–	–	–
Machinery and Equipment							
Transport Assets		–	–	–	3 433	3 433	3 433
Transport Assets					3 433	3 433	3 433
Libraries		–	–	–	–	–	–
Libraries							
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals							
Total Depreciation	1	**–**	**–**	**–**	**92 534**	**92 570**	**92 608**

Table 61 MBRR SA35 - Future financial implications of the capital budget

Vote Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
Capital expenditure	1							
Vote 1 - MUNICIPAL MANAGER		1 524	1 590	1 685				
Vote 2 - CORPORATE SERVICES		–	–	–				
Vote 3 - FINANCIAL SERVICES		–	–	–				
Vote 4 - COMMUNITY SERVICES		936	–	–				
Vote 5 - TECHNICAL DIRECTOR		–	–	–				
Vote 6 - ELECTRO MECHANICAL SERVICES		38 210	11 648	71 711				
Vote 7 - CIVIL ENGINEERING SERVICES		29 879	–	–				
Vote 8 - DEVELOPMENT AND PLANNING SERVICES		21 267	22 281	23 397				
Vote 9 - [NAME OF VOTE 9]		–	–	–				
Vote 10 - [NAME OF VOTE 10]		–	–	–				
Vote 11 - [NAME OF VOTE 11]		–	–	–				
Vote 12 - [NAME OF VOTE 12]		–	–	–				
Vote 13 - [NAME OF VOTE 13]		–	–	–				
Vote 14 - [NAME OF VOTE 14]		–	–	–				
Vote 15 - [NAME OF VOTE 15]		–	–	–				
List entity summary if applicable								
Total Capital Expenditure		**91 817**	**35 519**	**96 793**	**–**	**–**	**–**	**–**
Future operational costs by vote	2							
Vote 1 - MUNICIPAL MANAGER								
Vote 2 - CORPORATE SERVICES								
Vote 3 - FINANCIAL SERVICES								
Vote 4 - COMMUNITY SERVICES								
Vote 5 - TECHNICAL DIRECTOR								
Vote 6 - ELECTRO MECHANICAL SERVICES								
Vote 7 - CIVIL ENGINEERING SERVICES								
Vote 8 - DEVELOPMENT AND PLANNING SERVICES								
Vote 9 - [NAME OF VOTE 9]								
Vote 10 - [NAME OF VOTE 10]								
Vote 11 - [NAME OF VOTE 11]								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
List entity summary if applicable								
Total future operational costs		–	–	–	–	–	–	–
Future revenue by source	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		–	–	–	–	–	–	–
Net Financial Implications		**91 817**	**35 519**	**96 793**	**–**	**–**	**–**	**–**

Table 62 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	Total Project Estimate	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Parent municipality:													
List all capital projects grouped by Municipal Vote													
0002: MUNICIPAL COUNCIL		**DESKTOP COMPUTER & SCREEN - ADMIN OFFICER WARD COM**			No	*Computer Equipment*	*Computer Equipment*	7	7	–	–		New
0002: MUNICIPAL COUNCIL		DESKTOP COMPUTER & SCREEN - CHIEF CLERK COUNCIL SUPP			No	*Computer Equipment*	*Computer Equipment*	7	7	–	–		New
0011: MUNICIPAL MANAGER		LAPTOP - ADMIN ASSISTANT OFFICE OF THE MM			No	*Computer Equipment*	*Computer Equipment*	10	10	–	–		New
0011: MUNICIPAL MANAGER		UNALLOCATED ASSETS			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	4 775	1 500	1 590	1 685		New
0030: TOWN PLANNING A& BUILDING CO		OFFICE FURNITURE			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	10	10	–	–		New
0030: TOWN PLANNING A& BUILDING CO		LAPTOP - SENIOR MANAGER: TOWN PLANNING			No	*Computer Equipment*	*Computer Equipment*	10	10	–	–		Renewal
0030: TOWN PLANNING A& BUILDING CO		LAPTOP - MANAGER: LANDUSE MANAGEMENT			No	*Computer Equipment*	*Computer Equipment*	10	10	–	–		Renewal
0030: TOWN PLANNING A& BUILDING CO		DESKTOP - BUILDING CONTROL OFFICER			No	*Computer Equipment*	*Computer Equipment*	7	7	–	–		Renewal
0030: TOWN PLANNING A& BUILDING CO		DESKTOP - SENIOR BUILDING INSPECTOR			No	*Computer Equipment*	*Computer Equipment*	7	7	–	–		Renewal
0021: FIRE SERVICES		FLOOTABLE PUMP			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	22	22	–	–		New
0021: FIRE SERVICES		TOHATSU PUMP			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	180	180	–	–		New
0021: FIRE SERVICES		2X BA SETS			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	40	40	–	–		New
0021: FIRE SERVICES		5X RADIO'S			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	17	17	–	–		New
0021: FIRE SERVICES		2X AIRCONDITIONER			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	4	4	–	–		New
0021: FIRE SERVICES		2X COMPUTER			No	*Computer Equipment*	*Computer Equipment*	26	26	–	–		New
0021: FIRE SERVICES		OFFICE FURNITURE			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	22	22	–	–		New
1004: Masincedane Lib. Project		HOOF - AIR CONDITIONER IN OFFICE			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	7	7	–	–		New
1004: Masincedane Lib. Project		HOOF - PAINTING OF LIBRARIES (ANY OF THE LIBRARIES DEPEND			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	200	200	–	–		New
1004: Masincedane Lib. Project		HOOF - WASHING OF CARPETS IN LIBRARIES			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	30	30	–	–		New
1004: Masincedane Lib. Project		HOOF - NAME-PLATE			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	7	7	–	–		New
1004: Masincedane Lib. Project		FORUM - AIR CONDITIONERS X 2			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	40	40	–	–		New
1004: Masincedane Lib. Project		FORUM - BLINDS			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	10	10	–	–		New
1004: Masincedane Lib. Project		FORUM - NAME-PLATE			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	7	7	–	–		New
1004: Masincedane Lib. Project		FORUM - UPGRADE POWER SUPPLY TO LIBRARY			No	*Computer Equipment*	*Computer Equipment*	99	99	–	–		New
1004: Masincedane Lib. Project		PABALLELO - NAME-PLATE			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	7	7	–	–		New
1004: Masincedane Lib. Project		ROSEDALE - NEW ENTRANCE DOOR			No	*Other assets*	*Municipal Offices*	5	5	–	–		New
1004: Masincedane Lib. Project		ROSEDALE - BURGLAR DOOR			No	*Other assets*	*Municipal Offices*	6	6	–	–		New
1004: Masincedane Lib. Project		ROSEDALE - NAME-PLATE			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	7	7	–	–		New
1004: Masincedane Lib. Project		ROSEDALE - FRIDGE			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	3	3	–	–		New
1004: Masincedane Lib. Project		RIETFONTEIN - AIRCON			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	20	20	–	–		New
1004: Masincedane Lib. Project		RIETFONTEIN - DESK			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	3	3	–	–		New
1004: Masincedane Lib. Project		RIETFONTEIN - SECRETARY CHAIR			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		RIETFONTEIN - CABINET WITH DRAWERS			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		RIETFONTEIN - CURTAINS			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	15	15	–	–		New
1004: Masincedane Lib. Project		RIETFONTEIN - CARPET (3X3)			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		RIETFONTEIN - NAME-PLATE			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	11	11	–	–		New
1004: Masincedane Lib. Project		LOUBOS - CABINET WITH DRAWERS			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		LOUBOS - DESK			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	3	3	–	–		New
1004: Masincedane Lib. Project		LOUBOS - SECRETARY CHAIR			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		LOUBOS - CARPET (3X3)			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		LOUBOS - NAME-PLATE			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	11	11	–	–		New
1004: Masincedane Lib. Project		KLEIN MIER - AIRCON			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	20	20	–	–		New
1004: Masincedane Lib. Project		KLEIN MIER - DESK			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	3	3	–	–		New

Table 62 MBRR 36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	Total Project Estimate	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
1004: Masincedane Lib. Project		KLEIN MIER - SECRETARY CHAIR			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		KLEIN MIER - CABINET WITH DRAWERS			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		KLEIN MIER - CARPET (3X3)			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		KLEIN MIER - NAME-PLATE			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	11	11	–	–		New
1004: Masincedane Lib. Project		PHILANDERSBRON - AIRCON			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	20	20	–	–		New
1004: Masincedane Lib. Project		PHILANDERSBRON - DESK			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	3	3	–	–		New
1004: Masincedane Lib. Project		PHILANDERSBRON - SECRETARY CHAIR			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		PHILANDERSBRON - CABINET WITH DRAWERS			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		PHILANDERSBRON - NAME-PLATE			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	11	11	–	–		New
1004: Masincedane Lib. Project		PHILANDERSBRON - CARPET (3X3)			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		WELKOM - AIRCON			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	20	20	–	–		New
1004: Masincedane Lib. Project		WELKOM - DESK			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	3	3	–	–		New
1004: Masincedane Lib. Project		WELKOM - SECRETARY CHAIR			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		WELKOM - CABINET WITH DRAWERS			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		WELKOM - CARPET (3X3)			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		WELKOM - NAME-PLATE			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	11	11	–	–		New
1004: Masincedane Lib. Project		WELKOM - CABINET WITH DRAWERS			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
1004: Masincedane Lib. Project		WELKOM - SECRETARY CHAIR			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		New
0042: WORKSHOP		3 X LASERJET PRINTERS			No	*Computer Equipment*	*Computer Equipment*	8	8	–	–		New
0042: WORKSHOP		1 X PORTA PACK GASWELDING SET			No	*Machinery and Equipment*	*Machinery and Equipment*	18	18	–	–		Renewal
0042: WORKSHOP		1 X 115MM ANGLE GRINDER			No	*Machinery and Equipment*	*Machinery and Equipment*	2	2	–	–		Renewal
0042: WORKSHOP		1 X DRILL			No	*Machinery and Equipment*	*Machinery and Equipment*	5	5	–	–		Renewal
0042: WORKSHOP		1 X INVERTER WELDER 200AMP			No	*Machinery and Equipment*	*Machinery and Equipment*	3	3	–	–		Renewal
0042: WORKSHOP		1 X 230MM ANGLE GRINDER			No	*Machinery and Equipment*	*Machinery and Equipment*	3	3	–	–		Renewal
0042: WORKSHOP		4 X LEADLIGHTS 30 M			No	*Machinery and Equipment*	*Machinery and Equipment*	6	6	–	–		New
0042: WORKSHOP		8 X HEAVY DUTY CREEPERS			No	*Machinery and Equipment*	*Machinery and Equipment*	6	6	–	–		Renewal
0042: WORKSHOP		1 X HIPRESSURE CLEANER			No	*Machinery and Equipment*	*Machinery and Equipment*	25	25	–	–		Renewal
0042: WORKSHOP		1 X BATTERY CHARGER TROLLEY			No	*Machinery and Equipment*	*Machinery and Equipment*	7	7	–	–		New
0042: WORKSHOP		3 X 6 AMP BATTERY CHARGER			No	*Machinery and Equipment*	*Machinery and Equipment*	6	6	–	–		New
0042: WORKSHOP		2 XGREASE GUN, 15L, PNEUMATIC, 3M HOSE			No	*Machinery and Equipment*	*Machinery and Equipment*	13	13	–	–		New
0042: WORKSHOP		1 X ROTARY DRUM PUMP, OIL HEAVY DUTY			No	*Machinery and Equipment*	*Machinery and Equipment*	6	6	–	–		New
0042: WORKSHOP		1 X GEAR OIL LUBRICATOR, HAND OPERTATE, 15L			No	*Machinery and Equipment*	*Machinery and Equipment*	8	8	–	–		New
0042: WORKSHOP		3 X OIL CONTROL GUN, FLEXIBLE NOZZLE			No	*Machinery and Equipment*	*Machinery and Equipment*	12	12	–	–		New
0042: WORKSHOP		3 X BUNG ADAPTOR, 200L DRUM			No	*Machinery and Equipment*	*Machinery and Equipment*	1	1	–	–		New
0042: WORKSHOP		1 X OIL PUMP, PNEUMATIC, 14L/MIN,			No	*Machinery and Equipment*	*Machinery and Equipment*	6	6	–	–		New
0042: WORKSHOP		3 X TROLLEY 200L DRUM			No	*Machinery and Equipment*	*Machinery and Equipment*	11	11	–	–		New
0042: WORKSHOP		1 X OIL DRAIN AND EXCAVATOR IN ONE			No	*Machinery and Equipment*	*Machinery and Equipment*	10	10	–	–		New
0042: WORKSHOP		1 X OIL DRAIN FLOOR TROLLEY TYPE, 60L			No	*Machinery and Equipment*	*Machinery and Equipment*	3	3	–	–		New
0042: WORKSHOP		4 X CAR DOLLY 450KG			No	*Machinery and Equipment*	*Machinery and Equipment*	9	9	–	–		New
0042: WORKSHOP		1 X CATERPILLAR OIL PRESSURE GAUGE SET			No	*Machinery and Equipment*	*Machinery and Equipment*	23	23	–	–		New
0042: WORKSHOP		1 X OIL FILTER WRENCH CP SET			No	*Machinery and Equipment*	*Machinery and Equipment*	4	4	–	–		New
0042: WORKSHOP		1 X OIL MEASURE JUG, 1L			No	*Machinery and Equipment*	*Machinery and Equipment*	0	0	–	–		Renewal
0042: WORKSHOP		1 X OIL MEASURE JUG, 2L			No	*Machinery and Equipment*	*Machinery and Equipment*	0	0	–	–		Renewal
0042: WORKSHOP		1 X OIL MEASURE JUG, 5L			No	*Machinery and Equipment*	*Machinery and Equipment*	1	1	–	–		Renewal
0042: WORKSHOP		1 X FUNNEL 180MM			No	*Machinery and Equipment*	*Machinery and Equipment*	1	1	–	–		Renewal

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	Total Project Estimate	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
0042: WORKSHOP		1 X FUNNEL 200MM			No	*Machinery and Equipment*	*Machinery and Equipment*	1	1	–	–		Renewal
0042: WORKSHOP		1 X STEP LEATHER			No	*Machinery and Equipment*	*Machinery and Equipment*	2	2	–	–		New
0042: WORKSHOP		1 X FILTER WRENCH CUP SET			No	*Machinery and Equipment*	*Machinery and Equipment*	4	4	–	–		New
0042: WORKSHOP		1 X AUXILLARY JACK, 2 TON , FOR PIT			No	*Machinery and Equipment*	*Machinery and Equipment*	7	7	–	–		New
0042: WORKSHOP		1 X TRUCK WHEELNUT MULTIPLIER, 1:56			No	*Machinery and Equipment*	*Machinery and Equipment*	6	6	–	–		New
0042: WORKSHOP		1 X TORQUE WRENCH, 1/4', 4-20NM			No	*Machinery and Equipment*	*Machinery and Equipment*	1	1	–	–		New
0042: WORKSHOP		1 X TYRE INFLATER/DEFLATER, 12BAR			No	*Machinery and Equipment*	*Machinery and Equipment*	1	1	–	–		New
0042: WORKSHOP		1 X PETROL COMPRESSION TESTER			No	*Machinery and Equipment*	*Machinery and Equipment*	3	3	–	–		Renewal
0042: WORKSHOP		1 X BOOSTER PACK 12V/24V 4000A			No	*Machinery and Equipment*	*Machinery and Equipment*	7	7	–	–		New
0042: WORKSHOP		3 X HOSE REEL OIL 15M HOSE			No	*Machinery and Equipment*	*Machinery and Equipment*	22	22	–	–		New
0042: WORKSHOP		8 X LEAD LIGHTS LED			No	*Machinery and Equipment*	*Machinery and Equipment*	8	8	–	–		Renewal
0042: WORKSHOP		1 X BATTERY TESTER 500AMP			No	*Machinery and Equipment*	*Machinery and Equipment*	3	3	–	–		Renewal
0042: WORKSHOP		2 X BALL JOINT PULLER			No	*Machinery and Equipment*	*Machinery and Equipment*	1	1	–	–		New
0042: WORKSHOP		3 X ENGINE SUPPORT 500KG			No	*Machinery and Equipment*	*Machinery and Equipment*	5	5	–	–		New
0042: WORKSHOP		4 X RETRACTABLE HOSE REEL			No	*Machinery and Equipment*	*Machinery and Equipment*	7	7	–	–		New
0046: TRANSPORT		1 X FRONT END LOADER (GOD)			No	*Transport Assets*	*Transport Assets*	1 100	1 100	–	–		Renewal
0046: TRANSPORT		1 X TIPPER 6 CUB (STREETS AND STORMWATER)			No	*Transport Assets*	*Transport Assets*	900	900	–	–		New
0046: TRANSPORT		1 X 1000 KG LDV WITH TOOLBOX CANOPY (WORKSHOP)			No	*Transport Assets*	*Transport Assets*	250	250	–	–		Renewal
0046: TRANSPORT		1 X 1000 KG 4X4 LDV (MEENT)			No	*Transport Assets*	*Transport Assets*	300	300	–	–		New
0046: TRANSPORT		1 X 12000 LITER VACUUM TANKER			No	*Transport Assets*	*Transport Assets*	1 200	1 200	–	–		New
0046: TRANSPORT		1 X COMPACTOR TRUCK 17 CUB			No	*Transport Assets*	*Transport Assets*	1 600	1 600	–	–		New
0046: TRANSPORT		1 X 76S ROLLER (STREETS & STORMWATER)			No	*Transport Assets*	*Transport Assets*	110	110	–	–		Renewal
0046: TRANSPORT		1 X SUV			No	*Transport Assets*	*Transport Assets*	850	850	–	–		Renewal
0046: TRANSPORT		1.6 500KG LAW			No	*Transport Assets*	*Transport Assets*	200	–	200	–		Renewal
0046: TRANSPORT		1.6 500KG LAW			No	*Transport Assets*	*Transport Assets*	200	–	200	–		Renewal
0046: TRANSPORT		1.6 HATCH BACK			No	*Transport Assets*	*Transport Assets*	180	–	180	–		Renewal
0046: TRANSPORT		1.6 SEDAN			No	*Transport Assets*	*Transport Assets*	180	–	180	–		Renewal
0046: TRANSPORT		2. 1000KG LAW			No	*Transport Assets*	*Transport Assets*	225	–	225	–		Renewal
0046: TRANSPORT		2. 1000KG LAW			No	*Transport Assets*	*Transport Assets*	225	–	225	–		Renewal
0046: TRANSPORT		9000 LITER VACUUM TANKER			No	*Transport Assets*	*Transport Assets*	1 400	–	1 400	–		Renewal
0046: TRANSPORT		KOMPAKTEERDER TROK			No	*Transport Assets*	*Transport Assets*	1 300	–	1 300	–		Renewal
0046: TRANSPORT		LAAIGRAAF 3-4 CUB			No	*Transport Assets*	*Transport Assets*	1 150	–	1 150	–		Renewal
0046: TRANSPORT		TIPPER 6000CUB			No	*Transport Assets*	*Transport Assets*	1 000	–	1 000	–		Renewal
0059: ELECTRICITY - ADMINISTRATION		VACUUM CLEANER			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	2	2	–	–		Renewal
0059: ELECTRICITY - ADMINISTRATION		ELECTRIFICATION OF 1000 HOUSES IN PABALLELO AND DAKOTA F			No	*Electricity Infrastructure*	*LV Networks*	14 912	14 912	–	–		New
0059: ELECTRICITY - ADMINISTRATION		ELECTRIFICATION OF 1000 HOUSES IN PABALLELO AND DAKOTA F			No	*Electricity Infrastructure*	*LV Networks*	9 500	9 500	–	–		new
0059: ELECTRICITY - ADMINISTRATION		EQUIPMENT FOR MONITORING OF SUPPLY QUALITY			No	*Electricity Infrastructure*	*Capital Spares*	450	450	–	–		New
0059: ELECTRICITY - ADMINISTRATION		UPGRADE MAIN SUPPLY NETWORK -CONNECTION TO DELTA			No	*Electricity Infrastructure*	*MV Networks*	1 450	1 450	–	–		New
0061: ELECTRICITY - INSTALLATIONS/MA		ANGLE GRINDER			No	*Machinery and Equipment*	*Machinery and Equipment*	3	3	–	–		Renewal
0061: ELECTRICITY - INSTALLATIONS/MA		2X MULTIMETERS			No	*Machinery and Equipment*	*Machinery and Equipment*	5	5	–	–		Renewal
0061: ELECTRICITY - INSTALLATIONS/MA		1XHEAVY DUTY BLOCK&TACKLE			No	*Machinery and Equipment*	*Machinery and Equipment*	5	5	–	–		new
0062: ELECTRICITY - DISTRIBUTION		4 X WORKING EARTH KITS FOR ELECTRICIANS			No	*Machinery and Equipment*	*Machinery and Equipment*	38	38	–	–		New
0062: ELECTRICITY - DISTRIBUTION		1 X 2 LEGGED 5 TON X 2 METRE 13MM CHAIN SLING			No	*Machinery and Equipment*	*Machinery and Equipment*	5	5	–	–		New
0062: ELECTRICITY - DISTRIBUTION		2 X 2 LEGGED 5 TON X 1 METRE 9MM CHAIN SLING			No	*Machinery and Equipment*	*Machinery and Equipment*	5	5	–	–		New
0062: ELECTRICITY - DISTRIBUTION		2 X 750 KG CHAIN BLOCKS			No	*Machinery and Equipment*	*Machinery and Equipment*	14	14	–	–		New

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	Total Project Estimate	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
0062: ELECTRICITY - DISTRIBUTION		4 X EXTENTION LADDERS FOR ELECTRICIANS			No	*Machinery and Equipment*	*Machinery and Equipment*	34	34	–	–		Renewal
0062: ELECTRICITY - DISTRIBUTION		4 X TELESCOPIC LINKSTICKS FOR ELECTRICIANS			No	*Machinery and Equipment*	*Machinery and Equipment*	46	46	–	–		New
0062: ELECTRICITY - DISTRIBUTION		SUBSTATION "CLEARVIEW" FENCING: BS SUBSTATION			No	*Other assets*	*Municipal Offices*	100	100	–	–		Renewal
0062: ELECTRICITY - DISTRIBUTION		SUBSTATION "CLEARVIEW" FENCING.: BS3 SUBSTATION			No	*Other assets*	*Municipal Offices*	85	85	–	–		Renewal
0062: ELECTRICITY - DISTRIBUTION		SUBSTATION "CLEARVIEW" FENCING: BS6 SUBSTATION			No	*Other assets*	*Municipal Offices*	115	115	–	–		Renewal
0062: ELECTRICITY - DISTRIBUTION		CABLE FAULT LOCATING EQUIPMENT			No	*Machinery and Equipment*	*Machinery and Equipment*	440	440	–	–		New
0063: ELECTRICITY - PLANNING & METEF		1 X DESK			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	3	3	–	–		New
0063: ELECTRICITY - PLANNING & METEF		4 X OFFICE CHAIRS			No	*Furniture and Office Equipment*	*Furniture and Office Equipment*	7	7	–	–		New
0063: ELECTRICITY - PLANNING & METEF		PRE-PAID ELECTRICITY METERS FOR INDIGENTS			No	*Electricity Infrastructure*	*LV Networks*	25	25	–	–		New
0063: ELECTRICITY - PLANNING & METEF		NEW PRE-PAID ELECTRICITY METERS			No	*Electricity Infrastructure*	*LV Networks*	25	25	–	–		New
0059: ELECTRICITY - ADMINISTRATION		UNALLOCATED INEP PROJECTS			No	*Electricity Infrastructure*	*LV Networks*	46 491	–	877	45 614		New
0059: ELECTRICITY - ADMINISTRATION		UNALLOCATED INEP PROJECTS			No	*Electricity Infrastructure*	*LV Networks*	18 596	–	351	18 246		New
1022: SUNDRY DONATIONS / PROJECTS		EEDSM GRANT 2017-2018			No	*Electricity Infrastructure*	*LV Networks*	16 570	4 360	4 360	7 851		New
0067: WATER DISTRIBUTION NETWERKE		WSIG: INSTALLATION OF COMMUNAL STANDPIPES			No	*Water Infrastructure*	*Water Distribution*	1 907	1 907	–	–		New
0066: WATER PRODUCTION		WSIG: AUGMENTATION OF NOENIEPUT WATER SUPPLY			No	*Water Infrastructure*	*Water Treatment Works*	3 452	3 452	–	–		New
0066: WATER PRODUCTION		WSIG: AUGMENTATION OF WELKOM WATER SUPPLY			No	*Water Infrastructure*	*Water Treatment Works*	781	781	–	–		New
0067: WATER DISTRIBUTION NETWERKE		EPWP: INSTALLATION OF PRE-PAID WATERMETERS IN MIER AREA			No	*Water Infrastructure*	*Water Distribution*	509	509	–	–		New
0067: WATER DISTRIBUTION NETWERKE		EPWP: INSTALLATION OF COMMUNAL STANDPIPES			No	*Water Infrastructure*	*Water Distribution*	509	509	–	–		New
0066: WATER PRODUCTION		KEIDEBEES RESERVIOR FLOATING ROOF			No	*Water Infrastructure*	*Reservoirs*	5 500	5 500	–	–		Renewal
0066: WATER PRODUCTION		AHS WTW RAW WATER PUMP			No	*Water Infrastructure*	*Water Treatment Works*	1 800	1 800	–	–		Renewal
0066: WATER PRODUCTION		SECURITY KOEPEL RESERVIOR			No	*Water Infrastructure*	*Reservoirs*	500	500	–	–		New
0066: WATER PRODUCTION		REPLACEMENT OF WORN-OUT PUMPS, VALVES, SWITCHGEAR AI			No	*Water Infrastructure*	*Water Treatment Works*	370	370	–	–		Renewal
0066: WATER PRODUCTION		REPLACEMENT OF WORN-OUT PUMPS, VALVES, SWITCHGEAR AI			No	*Water Infrastructure*	*Water Treatment Works*	370	370	–	–		Renewal
0067: WATER DISTRIBUTION NETWERKE		REPLACEMENT OF WORN-OUT PRE-PAID WATERMETERS			No	*Water Infrastructure*	*Water Distribution*	500	500	–	–		Renewal
0067: WATER DISTRIBUTION NETWERKE		REPLACEMENT OF GATEVALVES			No	*Water Infrastructure*	*Water Treatment Works*	1 500	1 500	–	–		Renewal
0067: WATER DISTRIBUTION NETWERKE		REPLACEMENT OF WORN-OUT CONVENTIONAL WATERMETERS			No	*Water Infrastructure*	*Water Distribution*	500	500	–	–		Renewal
0041: STREETS & STORMWATER DRAINA		REHABILITATION OF ROADS			No	*Road*	*Roads*	10 000	10 000	–	–		Renewal
0041: STREETS & STORMWATER DRAINA		CONDITIONAL ASSESMENTS & REMEDIAL WORKS AT BRIDGES			No	*Road*	*Roads*	1 000	1 000	–	–		Renewal
0041: STREETS & STORMWATER DRAINA		IMPROVEMENT OF PEDESTRIAN SAFETY AT BRIDGES			No	*Road*	*Roads*	650	650	–	–		New
0041: STREETS & STORMWATER DRAINA		REED-CUTTERS			No	*Machinery and Equipment*	*Machinery and Equipment*	30	30	–	–		New
0078: PROJECT MANAGEMENT UNIT		1220:MUNICIPAL AREAS DEVELOPMENT OF NEW SPORT GROUND			No	*Sport & Recreation*	*Outdoor Facilities*	5 141	5 141	–	–		New
0078: PROJECT MANAGEMENT UNIT		1369:MELKSTROOM: BULK SEWER PROVISION			No	*Sanitation Infrastructure*	*Waste Water Treatment Works*	4 466	4 466	–	–		New
0078: PROJECT MANAGEMENT UNIT		1372:MELKSTROOM: BULK WATER PROVISION			No	*Sanitation Infrastructure*	*Waste Water Treatment Works*	5 607	5 607	–	–		New
0078: PROJECT MANAGEMENT UNIT		1116:LOUBOS: CONSTRUCTION OF NEW OXIDATION PONDS			No	*Sanitation Infrastructure*	*Waste Water Treatment Works*	2 216	973	1 242	–		New
0078: PROJECT MANAGEMENT UNIT		1320:MIER/LOUBOS:INTERNAL STREETS			No	*Road*	*Roads*	4 298	1 667	2 632	–		Renewal
0078: PROJECT MANAGEMENT UNIT		1165: KLEIN MIER: UPGRADING OF GRAVEL ROADS TO PAVED RO			No	*Road*	*Roads*	3 868	1 675	2 193	–		Renewal
0078: PROJECT MANAGEMENT UNIT		1362:MIER: ASKHAM/KAMEELDUIN INTERNAL STREETS PHASE 2			No	*Road*	*Roads*	3 536	1 693	1 843	–		Renewal
0078: PROJECT MANAGEMENT UNIT		INSTALLATION OF PRE-PAYMENT WATER METERS - PHASE 2			No	*Water Infrastructure*	*Water Distribution*	6 009	–	6 009	–		New
0078: PROJECT MANAGEMENT UNIT		PAVING OF STREET - ROSEDALE WARD 1 & 10			No	*Road*	*Roads*	6 140	–	6 140	–		New
0078: PROJECT MANAGEMENT UNIT		PAVING OF STREET - LOUISVALE ROAD			No	*Road*	*Roads*	2 222	–	2 222	–		New
0078: PROJECT MANAGEMENT UNIT		UNALLOCATED PROJECTS			No	*Water Infrastructure*	*Capital Spares*	23 397	–	–	23 397		New
Parent Capital expenditure	1								**91 817**	**35 519**	**96 793**		

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	Total Project Estimate	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Entities:													
List all capital projects grouped by Entity													
Entity A													
Water project A													
Entity B													
Electricity project B													
Entity Capital expenditure									–	–	–		
Total Capital expenditure									91 817	35 519	96 793		

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved.

2. Internship programme

   The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the municipality has successfully employed and trained four other interns through this programme and all of them were appointed in the municipality.

3. Budget and Treasury Office

   The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

   An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

   The detail SDBIP document is at a draft stage and will be tabled to Council on the 31th of March 2017. The SDBIP is directly aligned and informed by the 2017/2018 MTREF.

6. Annual Report

   Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The MFMA training module in electronic format is presented at the municipality's internal centres and training is on-going.

8. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.14 Other supporting documents

Table 63 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
REVENUE ITEMS:								
Property rates	6							
Total Property Rates						100 127	106 134	112 502
less Revenue Foregone ***(exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)***						10 379	11 001	11 661
Net Property Rates		–	–	–	–	89 748	95 133	100 841
Service charges - electricity revenue	6							
Total Service charges - electricity revenue						298 039	303 642	309 351
less Revenue Foregone ***(in excess of 50 kwh per indigent household per month)***								
less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	–		4 176	4 255	4 335
Net Service charges - electricity revenue		–	–	–	–	293 863	299 387	305 016
Service charges - water revenue	6							
Total Service charges - water revenue						**65 441**	**69 368**	**73 530**
less Revenue Foregone ***(in excess of 6 kilolitres per indigent household per month)***								
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	–	–		2 476	2 476	2 476
Net Service charges - water revenue		–	–	–	–	62 966	66 892	71 054
Service charges - sanitation revenue								
Total Service charges - sanitation revenue						**39 582**	**41 957**	**44 474**
less Revenue Foregone ***(in excess of free sanitation service to indigent households)***								
less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–		7 285	7 722	8 186
Net Service charges - sanitation revenue		–	–	–	–	32 297	34 235	36 289
Service charges - refuse revenue	6							
Total refuse removal revenue						36 150	38 320	40 619
Total landfill revenue								
less Revenue Foregone ***(in excess of one removal a week to indigent households)***								
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	–		8 305	8 803	9 332
Net Service charges - refuse revenue		–	–	–	–	27 845	29 516	31 287
Other Revenue by source								
Administration Costs on sale of erven						125	133	140
Capital Contribution								
Actuarial Gain								
Commission						562	596	631
Consent Use Levy						2 000	2 120	2 247
Employee Housing						0	0	0
Fair Value Adjustment						5 300	5 618	5 955
Insurance Claims						212	225	238
LGSETA						212	225	238
Occupational Practise Levy						800	848	899
Other Revenue						3 286	3 483	3 692
Plan Fees						653	692	734
Recovery Commission								
Side Line Recoupment						159	169	179
Unauthorised / Deviated Usage						205	218	231
Refund for capital and operational expenditure	3					0	0	0
Total 'Other' Revenue	1	–	–	–	–	13 514	14 325	15 184

Table 63 MBRR Table SA1 - Supporting detail to budgeted financial performance (continue)

Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE ITEMS:								
Employee related costs								
Basic Salaries and Wages	2					173 731	188 532	199 243
Pension and UIF Contributions						27 665	30 061	31 865
Medical Aid Contributions						13 360	14 517	15 389
Overtime						18 893	20 530	21 762
Performance Bonus						1 140	1 239	1 313
Motor Vehicle Allowance						3 701	4 022	4 263
Cellphone Allowance						–	–	–
Housing Allowances						1 727	1 877	1 989
Other benefits and allowances						10 707	11 634	12 332
Payments in lieu of leave						–	–	–
Long service awards						–	–	–
Post-retirement benefit obligations	4					–	–	–
sub-total	5	–	–	–	–	250 924	272 412	288 155
Less: Employees costs capitalised to PPE						1 008	1 095	1 161
Total Employee related costs	1	–	–	–	–	249 916	271 317	286 994
Contributions recognised - capital								
List contributions by contract								
Total Contributions recognised - capital		–	–	–	–	–	–	–
Depreciation & asset impairment								
Depreciation of Property, Plant & Equipment						92 534	92 570	92 608
Lease amortisation								
Capital asset impairment								
Depreciation resulting from revaluation of PPE	10							
Total Depreciation & asset impairment	1	–	–	–	–	92 534	92 570	92 608
Bulk purchases								
Electricity Bulk Purchases						180 576	189 605	199 085
Water Bulk Purchases						8 400	8 820	9 261
Total bulk purchases	1	–	–	–	–	188 976	198 425	208 346
Transfers and grants								
Cash transfers and grants		–	–	–	–	210	223	236
Non-cash transfers and grants		–	–	–	–	–	–	–
Total transfers and grants	1	–	–	–	–	210	223	236
Contracted services								
Commission Paid						2 440	2 561	2 690
Legal Costs						1 300	1 365	1 433
Other						2 173	2 282	2 396
Professional Fees						13 427	10 392	10 951
Storm Water Master Plan						150	158	165
sub-total	1	–	–	–	–	19 490	16 758	17 635
Allocations to organs of state:								
Electricity								
Water								
Sanitation								
Other								
Total contracted services		–	–	–	–	19 490	16 758	17 635

Table 63 MBRR Table SA1 - Supporting detail to budgeted financial performance (continue)

Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Other Expenditure By Type								
Collection costs								
Contributions to 'other' provisions						12 500	13 250	14 045
Consultant fees								
Audit fees						5 534	5 810	6 101
General expenses	3							
Actuarial Loss						10 000	10 500	11 025
Advertisement Costs						614	645	677
Bank Charges						1 635	1 716	1 802
Black Plastic Bags						1 598	1 678	1 762
Chemicals/Fertilizers						2 980	3 130	3 286
Cleaning Material						716	752	789
Commission Paid						1 602	1 683	1 767
Entertainment Costs						218	229	241
Fuel & Oil						9 000	9 550	10 027
Insurance						1 453	1 526	1 602
Job Creation Activities								
Laboratorium Analysis						651	685	719
Land Valuations								
Licence Fees						2 033	2 102	2 207
Membership Fees						2 248	2 360	2 478
Municipal Consumption						25 112	26 634	27 966
Other Expenditure						5 732	6 033	6 335
Operating Grant expenditure								
Operating Costs PMU						1 273	1 350	1 431
Government Grants and Subsidies								
Printing/Stationary						1 794	1 891	1 985
Property Rates						16	17	18
Protective Clothing						1 560	1 638	1 720
Rental: Equipment & Machinery						433	454	477
Street Lightening						600	630	662
Subsistence & Travel Costs						2 065	2 193	2 231
Telephone/Postage						4 535	4 762	5 000
Training						864	910	956
Total 'Other' Expenditure	1	–	–	–	–	96 767	102 127	107 308
Repairs and Maintenance	8							
Employee related costs								
Other materials						18 388	19 308	20 273
Contracted Services								
Other Expenditure								
Total Repairs and Maintenance Expenditure	9	–	–	–	–	18 388	19 308	20 273

Table 64 MBRR Table SA2 – Matrix financial performance budget (Revenue source / expenditure type and department)

Description R thousand	Ref 1	Vote 1 - MUNICIPAL MANAGER	Vote 2 - CORPORATE SERVICES	Vote 3 - FINANCIAL SERVICES	Vote 4 - COMMUNITY SERVICES	Vote 5 - TECHNICAL DIRECTOR	Vote 6 - ELECTRO MECHANICAL SERVICES	Vote 7 - CIVIL ENGINEERING SERVICES	Vote 8 - DEVELOPMENT AND PLANNING SERVICES	Total
Revenue By Source										
Property rates		–	–	89 748	–	–	–	–	–	89 748
Service charges - electricity revenue		–	–	–	–	–	293 863	–	–	293 863
Service charges - water revenue		–	–	–	–	–	–	62 966	–	62 966
Service charges - sanitation revenue		–	–	–	–	–	–	32 297	–	32 297
Service charges - refuse revenue		–	–	–	27 845	–	–	–	–	27 845
Service charges - other		–	–	–	–	–	–	–	–	-
Rental of facilities and equipment		–	3 920	–	1 088	–	–	–	4 633	9 640
Interest earned - external investments		–	–	1 590	–	–	–	–	–	1 590
Interest earned - outstanding debtors		–	–	3 710	–	–	–	–	–	3 710
Dividends received		–	–	–	–	–	–	–	–	-
Fines, penalties and forfeits		–	–	–	668	–	–	–	–	668
Licences and permits		–	–	0	1 627	–	–	–	17	1 644
Agency services		–	–	–	1 657	–	–	–	–	1 657
Other revenue		–	459	6 333	959	–	456	471	4 835	13 514
Transfers and subsidies		–	–	86 054	3 030	–	26	–	1 273	90 384
Gains on disposal of PPE		–	5 000	64	–	–	–	–	–	5 064
Total Revenue (excluding capital transfers and cont		**–**	**9 379**	**187 500**	**36 875**	**–**	**294 345**	**95 734**	**10 758**	**634 590**
Expenditure By Type										
Employee related costs		14 783	26 603	31 312	86 086		17 496	53 427	20 208	249 916
Remuneration of councillors		11 416	2	–	–		–	–	–	11 418
Debt impairment		12 500	–	5 000	–		–	–	–	17 500
Depreciation & asset impairment		115	9 165	704	6 850		20 157	54 947	595	92 534
Finance charges		–	–	555	–		5 492	6 434	–	12 481
Bulk purchases		–	–	–	–		180 576	8 400	–	188 976
Other materials		–	1 215	511	1 492		8 853	5 791	525	18 388
Contracted services		200	1 353	11 515	1 106		1 314	920	3 083	19 490
Transfers and subsidies		200	–	–	10		–	–	–	210
Other expenditure		3 906	(4 245)	(1 014)	24 530		18 914	38 741	3 434	84 267
Loss on disposal of PPE										-
Total Expenditure		**43 120**	**34 093**	**48 583**	**120 075**	**–**	**252 801**	**168 661**	**27 845**	**695 180**
Surplus/(Deficit)		**(43 120)**	**(24 715)**	**138 917**	**(83 200)**	**–**	**41 544**	**(72 927)**	**(17 087)**	**(60 589)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)				**47 654**			**4 360**			**52 014**
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)										**-**
Transfers and subsidies - capital (in-kind - all)										**-**
Surplus/(Deficit) after capital transfers & contributions		**(43 120)**	**(24 715)**	**186 571**	**(83 200)**	**–**	**45 903**	**(72 927)**	**(17 087)**	**(8 576)**

Table 65 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS								
Call investment deposits								
Call deposits					–	–	–	–
Other current investments					–	–	–	–
Total Call investment deposits	2	–	–	–	–	–	–	–
Consumer debtors								
Consumer debtors						67 690	88 463	87 463
Less: Provision for debt impairment						(10 625)	(10 625)	(10 625)
Total Consumer debtors	2	–	–	–	–	**57 066**	**77 838**	**76 838**
Debt impairment provision								
Balance at the beginning of the year						(10 625)	(10 625)	(10 625)
Contributions to the provision						5 000	5 300	5 618
Bad debts written off						(5 000)	(5 300)	(5 618)
Balance at end of year		–	–	–	–	**(10 625)**	**(10 625)**	**(10 625)**
Property, plant and equipment (PPE)								
PPE at cost/valuation (excl. finance leases)						2 559 350	2 594 869	2 691 662
Leases recognised as PPE	3							
Less: Accumulated depreciation						845 808	938 378	1 030 986
Total Property, plant and equipment (PPE)	2	–	–	–	–	**1 713 542**	**1 656 491**	**1 660 676**
LIABILITIES								
Current liabilities - Borrowing								
Short term loans (other than bank overdraft)								
Current portion of long-term liabilities						8 912	9 660	8 966
Total Current liabilities - Borrowing		–	–	–	–	**8 912**	**9 660**	**8 966**
Trade and other payables								
Trade and other creditors						82 208	55 700	68 356
Unspent conditional transfers						–	–	–
VAT						8 500	8 500	8 500
Total Trade and other payables	2	–	–	–	–	**90 708**	**64 200**	**76 856**
Non current liabilities - Borrowing								
Borrowing	4					94 995	85 081	76 820
Finance leases (including PPP asset element)								
Total Non current liabilities - Borrowing		–	–	–	–	**94 995**	**85 081**	**76 820**
Provisions - non-current								
Retirement benefits						115 328	136 428	158 689
List other major provision items								
Long Service Awards						16 426	19 076	21 885
Refuse landfill site rehabilitation						31 866	31 866	31 866
Total Provisions - non-current		–	–	–	–	**163 620**	**187 370**	**212 440**
CHANGES IN NET ASSETS								
Accumulated Surplus/(Deficit)								
Accumulated Surplus/(Deficit) - opening balance						2 012 366	2 003 790	1 987 050
GRAP adjustments								
Restated balance		–	–	–	–	2 012 366	2 003 790	1 987 050
Surplus/(Deficit)		–	–	–	–	(8 576)	(16 740)	(18 631)
Appropriations to Reserves								
Transfers from Reserves								
Depreciation offsets								
Other adjustments								
Accumulated Surplus/(Deficit)	1	–	–	–	–	**2 003 790**	**1 987 050**	**1 968 419**
Reserves								
Housing Development Fund								
Capital replacement								
Self-insurance								
Other reserves								
Revaluation								
Total Reserves	2	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	–	–	–	**2 003 790**	**1 987 050**	**1 968 419**

Table 66 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2013/14 Outcome	2014/15 Outcome	2015/16 Outcome	Current Year 2016/17 Original Budget	2017/18 Medium Term Revenue & Expenditure Framework Outcome	Outcome	Outcome
Demographics												
Population		The 80-20 Report on Local Government										
Females aged 5 - 14		The 80-20 Report on Local Government				Information not available	Information not available	Information not available	Information not available	Information not available	Information not available	Information not available
Males aged 5 - 14		The 80-20 Report on Local Government										
Females aged 15 - 34		The 80-20 Report on Local Government										
Males aged 15 - 34		The 80-20 Report on Local Government										
Unemployment		The 80-20 Report on Local Government										
Monthly household income (no. of households)	1, 12											
No income		The 80-20 Report on Local Government					Information not available					
R1 - R1 600		The 80-20 Report on Local Government					Information not available					
R1 601 - R3 200		The 80-20 Report on Local Government					Information not available					
R3 201 - R6 400		The 80-20 Report on Local Government					Information not available					
R6 401 - R12 800		The 80-20 Report on Local Government					Information not available					
R12 801 - R25 600		The 80-20 Report on Local Government					Information not available					
R25 601 - R51 200		The 80-20 Report on Local Government					Information not available					
R52 201 - R102 400		The 80-20 Report on Local Government					Information not available					
R102 401 - R204 800		The 80-20 Report on Local Government					Information not available					
R204 801 - R409 600		The 80-20 Report on Local Government					Information not available					
R409 601 - R819 200		The 80-20 Report on Local Government					Information not available					
> R819 200		The 80-20 Report on Local Government					Information not available					
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2	The 80-20 Report on Local Government					Information not available					
Household/demographics (000)												
Number of people in municipal area							Information not available					
Number of poor people in municipal area		The 80-20 Report on Local Government					Information not available					
Number of households in municipal area							Information not available					
Number of poor households in municipal area							Information not available					
Definition of poor household (R per month)		The 80-20 Report on Local Government					Information not available					
Housing statistics	3											
Formal		The 80-20 Report on Local Government							Information not available			
Informal												
Total number of households			-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)						0.0%	0.0%	0.0%	5.6%	4.8%	5.9%	5.6%
Interest rate - borrowing						0.0%	0.0%	0.0%	Fixed Rates	Fixed Rates	Fixed Rates	Fixed Rates
Interest rate - investment						0.0%	0.0%	0.0%	Quotation	Quotation	Quotation	Quotation
Remuneration increases						0.0%	0.0%	6.8%	6.8%	6.0%	6.0%	6.0%
Consumption growth (electricity)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption growth (water)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Collection rates	7											
Property tax/service charges						98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Rental of facilities & equipment						98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Interest - external investments						Quotation	Quotation	Quotation	Quotation	Quotation	Quotation	Quotation
Interest - debtors						10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Revenue from agency services						12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%

Table 68 MBRR SA32 – List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
BIQ	Yrs	Ongoing	Information System - Financial System	Ongoing	250
IMIS	Yrs	Ongoing	Information System - Financial System	Ongoing	400
Alltech Netstar Fleet Solutions	Mths	Ongoing	Satellite Tracking System for Vehicles	ing - 30 Days Notice F	348
Team Mate	Yrs	Ongoing	Information System - Financial System	Ongoing	18
Help U Agencies	Yrs	5	Rental of Offices for Councillors and Ward Committe	Ongoing	5
RWT Trading	Yrs	3	Rental of Offices for Councillors and Ward Committe	Ongoing	5
TGIS	Yrs	0.5	Fixed Asset Register Maintenance - Immovable	31/12/2017	738

2.15 Municipal manager's quality certificate

I ________________________________, Municipal Manager of Dawid Kruiper Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

DALIXOLO ERIC NGXANGA

Municipal Manager of Dawid Kruiper Municipality (NC087)

31 March 2017